



Delta College

Audited Financial Statements
and Other Financial Information

June 30, 2008

DELTA COLLEGE

AUDITED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

JUNE 30, 2008

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
DELTA COLLEGE
YEAR ENDED JUNE 30, 2008**

The discussion and analysis of the financial statements of Delta College (the College) provides an overview of the College's financial activities for the years ended June 30, 2008, 2007 and 2006. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

Using this Report

These financial statements are prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. The financial statements are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. Capital expenditures are capitalized on the Balance Sheet instead of recording as an expense, and depreciation is recorded.

Activities are reported as either operating or nonoperating in accordance with the GASB Statement No. 35. Charges for services are recorded as operating revenues. Essentially all other types of revenue, including state appropriations, property tax levies and Pell federal grant revenue are nonoperating. A public community college's reliance on state funding, local property taxes and Pell federal grant assistance to students will result in reporting an operating deficit.

This annual financial report complies with these requirements and includes this management's discussion and analysis, the report of independent auditors, the financial statements, notes to financial statements, and supplemental information similar to commercial enterprises and private-sector institutions.

Over time, increases or decreases in net assets provide one indication of the financial health of an organization. To assess the overall health of the College, many other non-financial factors need also be considered such as trends in enrollment, condition of facilities, attention to workforce needs, success of graduates, and the strength of the faculty and staff.

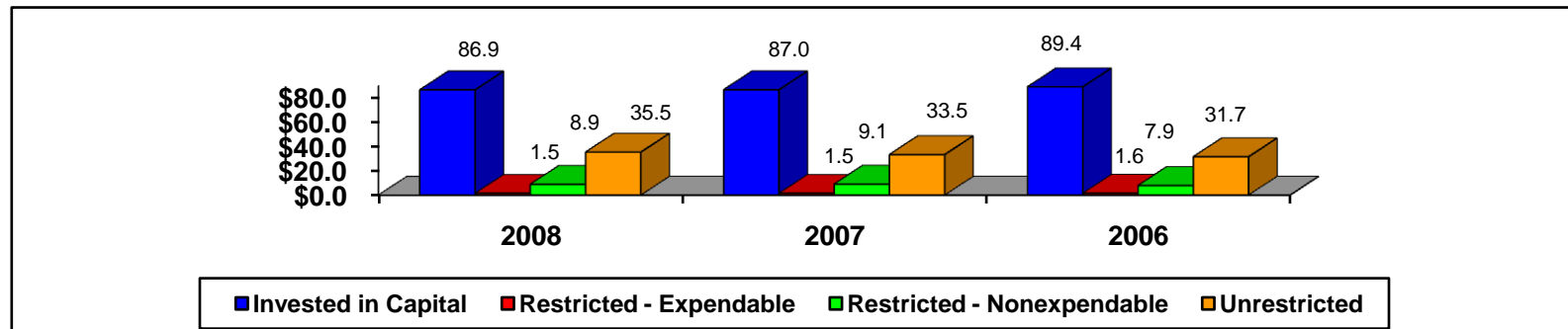
Financial Highlights

The College's financial position improved during both fiscal years ended June 30, 2008 and 2007. In 2008, the College's net assets increased \$1.7 million over the previous year, approximating 1%; whereas 2007 increased \$.5 million, which was less than 1%. The increase in 2008 was primarily due to a \$2.0 million increase in unrestricted net assets, of which a majority was attributed to the State of Michigan restoration of the \$1.2 million delayed August 2007 state aid payment, as discussed in Note 5, which has been allocated to the Plant Fund for the South Campus Project. The 2007 increase was the result of an increase in unrestricted assets of \$1.8 million, an increase in nonexpendable assets of \$1.2 million related to endowment gifts, and a decrease in capital assets of \$2.4 million, which resulted from annual depreciation expense of \$3.4 million exceeding annual net capital additions of \$1.0 million. The 2007 increase was lower than expected by \$1.2 million due to a reduction in state appropriations revenue that year.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
DELTA COLLEGE
YEAR ENDED JUNE 30, 2008

Financial Highlights - Continued

The following chart provides a graphical breakdown of net assets by category for the fiscal years ending June 30, 2008, 2007 and 2006, in millions:



Summary of Selected Financial Data

Following is a summary of the major components of the financial position of the College as of June 30, 2008, 2007 and 2006, in millions:

	2008	2007	2008-2007 Change	2006	2007-2006 Change
Current Assets	\$ 43.1	\$ 35.0	\$ 8.1	\$ 33.6	\$ 1.4
Long-Term Assets:					
Capital Assets, Net of Depreciation	86.9	87.0	(.1)	89.4	(2.4)
Other	15.0	16.4	(1.4)	12.4	4.0
Total Assets	<u>\$ 145.0</u>	<u>\$ 138.4</u>	<u>\$ 6.6</u>	<u>\$ 135.4</u>	<u>\$ 3.0</u>
Current Liabilities	\$ 12.2	\$ 7.3	\$ 4.9	\$ 4.8	\$ 2.5
Net Assets:					
Invested in Capital Assets	86.9	87.0	(.1)	89.4	(2.4)
Restricted – Expendable	1.5	1.5	0	1.6	(.1)
Restricted – Nonexpendable	8.9	9.1	(.2)	7.9	1.2
Unrestricted	35.5	33.5	2.0	31.7	1.8
Total Net Assets	<u>132.8</u>	<u>131.1</u>	<u>1.7</u>	<u>130.6</u>	<u>.5</u>
Total Liabilities and Net Assets	<u>\$ 145.0</u>	<u>\$ 138.4</u>	<u>\$ 6.6</u>	<u>\$ 135.4</u>	<u>\$ 3.0</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
DELTA COLLEGE
YEAR ENDED JUNE 30, 2008

Summary of Selected Financial Data – Continued

During the year ended June 30, 2008, current assets increased by \$8.1 million, primarily in cash and cash equivalents for liquidity purposes related to the \$5.6 million property tax appeal settlement with Michigan Cogeneration Venture, payable and due in early July 2008, and \$2.2 million in the Plant Fund related to amounts due under the construction contract for the South Campus Project, respectively, which are further discussed in Notes 8 and 11. Other significant current asset changes consisted of an increase in the state aid appropriation receivable of \$1.6 million related to the July and August 2008 state aid payments, which was offset by a decrease in short-term investments of \$1.1 million. Additionally, long-term investments decreased by \$1.3 million and current liabilities increased by \$4.9 million, primarily consisting of accounts payable related to the property tax appeal settlement and the South Campus Project construction contract. Combined, overall changes resulted in a \$1.7 million increase in net assets.

During the year ended June 30, 2007, current assets increased by \$1.4 million, primarily due to increases in liquid assets consisting of cash and short-term investments of \$4.1 million with an offsetting decrease in state appropriations receivable of \$1.6 million. Combined with an increase in long-term investments of \$4.4 million, a decrease in capital assets of \$2.4 million and an increase in liabilities of \$2.5 million, these changes resulted in the overall \$.5 million increase in net assets.

The following summarizes the major components of the College's operating results for the years ended June 30, 2008, 2007 and 2006, in millions:

	2008	2007	2008-2007 Change	2006	2007-2006 Change
Operating Revenue					
Tuition and Fees	\$ 22.5	\$ 20.7	\$ 1.8	\$ 19.5	\$ 1.2
Grants and Contracts	4.6	5.4	(.8)	5.7	(.3)
Public Broadcasting Gifts	.8	.8	0	.7	.1
Auxiliary Services	5.5	5.0	.5	4.8	.2
Other	3.3	2.6	.7	2.9	(.3)
Total Operating Revenue	36.7	34.5	2.2	33.6	.9
Operating Expenses					
Instruction	34.2	33.5	.7	32.8	.7
Public Services	2.6	2.8	(.2)	2.8	0
Instructional Support	7.2	7.0	.2	6.8	.2
Student Services	18.7	16.8	1.9	16.4	.4
Institutional Administration	7.2	7.2	0	7.4	(.2)
Operation and Maintenance of Facilities	6.3	6.2	.1	6.9	(.7)
Depreciation	3.5	3.4	.1	3.4	0
Total Operating Expenses	79.7	76.9	2.8	76.5	.4
Operating Loss	(43.0)	(42.4)	(.6)	(42.9)	.5

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MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
DELTA COLLEGE
YEAR ENDED JUNE 30, 2008

Summary of Selected Financial Data – Continued

(continued from previous page)

	2008	2007	2008-2007 Change	2006	2007-2006 Change
Nonoperating Revenue (Expenses)					
State Appropriations	\$ 14.7	\$ 11.3	\$ 3.4	\$ 13.0	\$ (1.7)
Property Taxes	24.0	23.5	.5	22.4	1.1
Property Tax Appeal Refund	(5.6)	(3.8)	(1.8)	0	(3.8)
Pell Federal Grant Revenue	9.5	7.5	2.0	6.9	.6
Other	1.8	3.3	(1.5)	2.6	.7
Net Nonoperating Revenue	44.4	41.8	2.6	44.9	(3.1)
Other Revenue					
Additions to Permanent Endowments	.3	1.1	(.8)	1.2	(.1)
Increase in Net Assets	1.7	.5	1.2	3.2	(2.7)
Net Assets – Beginning of Year	131.1	130.6	.5	127.4	3.2
Net Assets – End of Year	<u>\$ 132.8</u>	<u>\$ 131.1</u>	<u>\$ 1.7</u>	<u>\$ 130.6</u>	<u>\$.5</u>

Operating Revenue

Operating revenue includes all transactions that result in the sales and/or receipts from providing goods and services such as tuition and fees and food service and bookstore operations. In addition, certain federal, state, and private gifts and grants are considered operating if they are not for capital purposes and are considered a contract for services or are program-specific.

Operating revenue changes are highlighted by the following factors for the year ended June 30, 2008:

- Academic tuition and fee rates were increased 2.6% and enrollment totaled almost 218,000 credit hours, 6% more than 2007. For the year, the breakdown of academic credit hours remained unchanged, with 82% in-district and 18% out of district.
- Of the \$22.5 million in Tuition and Fees, which was offset by \$5.7 million in scholarship allowances, and \$4.6 million in Grants and Contracts operating revenue, Corporate Services provided administration, education and training of \$4.5 million and \$1.7 million, respectively. Corporate Services Tuition and Fee revenue remained unchanged from 2007, and Corporate Services Grants and Contracts revenue decreased by \$500,000.
- The Auxiliary services revenue consists primarily of sales in the Bookstore of \$5.3 million, which had offsetting scholarship allowances approximating \$1.3 million, Food Services of \$980,000, and Fitness & Recreation Center of \$420,000. Bookstore sales exceeded 2007 by \$500,000, or 10%, Food Services increased by 3%, and Fitness & Recreation Center decreased by 2%.

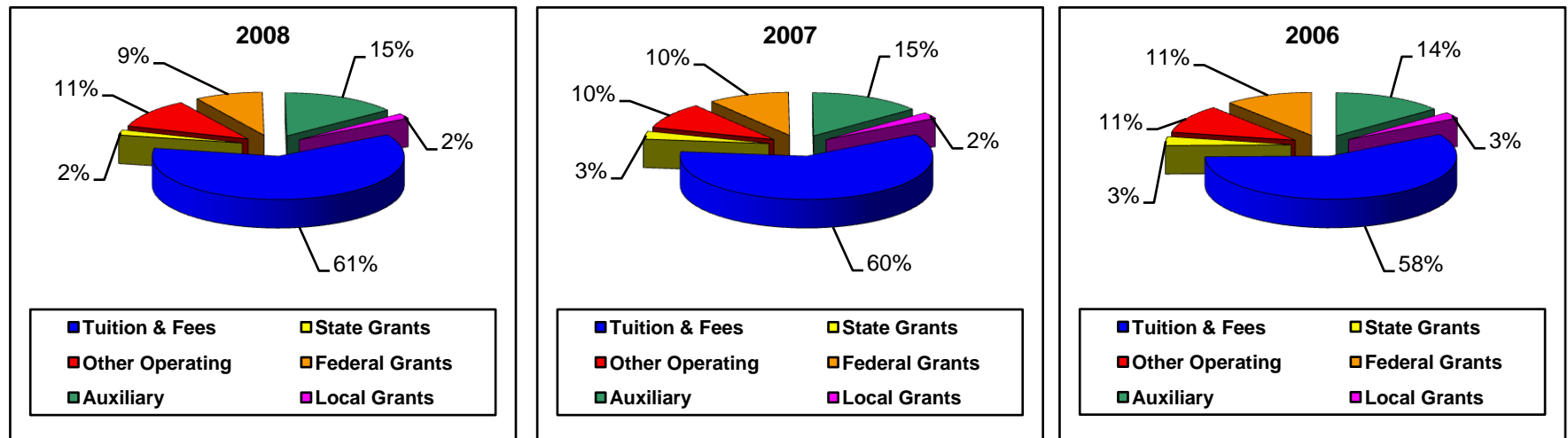
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
DELTA COLLEGE
YEAR ENDED JUNE 30, 2008

Operating Revenue - Continued

Operating revenue changes are highlighted by the following factors for the year ended June 30, 2007:

- Academic tuition and fee rates were increased 5% and enrollment totaled 206,000 credit hours, an increase of less than 1%. For the year, 82% of academic credit hours were in-district and 18% out of district.
- Of the \$20.7 million in Tuition and Fees, which was offset by \$5.4 million in scholarship allowances, and \$12.9 million in Grants and Contracts operating revenue, Corporate Services provided administration, education and training of \$4.5 million and \$2.2 million, respectively. Corporate Services Tuition and Fee revenue increased by 12%, primarily resulting from new training contracts during the year. Conversely Corporate Services Grants and Contracts revenue decreased by \$400,000.
- The Auxiliary services revenue consists primarily of sales in the Bookstore of \$4.8 million, which had offsetting scholarship allowances approximating \$1.2 million, Food Services of \$950,000, and Fitness & Recreation Center of \$430,000. Bookstore sales were \$300,000, or 6%, higher than 2006 levels, whereas Food Services and Fitness & Recreation Center increased by 14% and 5%, respectively.

The following is a graphic illustration of operating revenues by source for the years ended June 30, 2008, 2007 and 2006:



Operating Expenses

Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College.

Operating expense changes are highlighted by the following factors for the year ended June 30, 2008:

- General salary increases for the year approximated 3%. The College was able to hold medical insurance cost increases down to 5% due to benefit design plan changes. Required contributions to the Michigan Public School Employees' Retirement System increased by approximately 16%, with a significant portion of the increase offsetting the one-time retirement rate reduction implemented by the State of Michigan in 2007.
- Student Services expenses increased by \$1.9 million, all related to increases in Pell federal grants awarded to students.

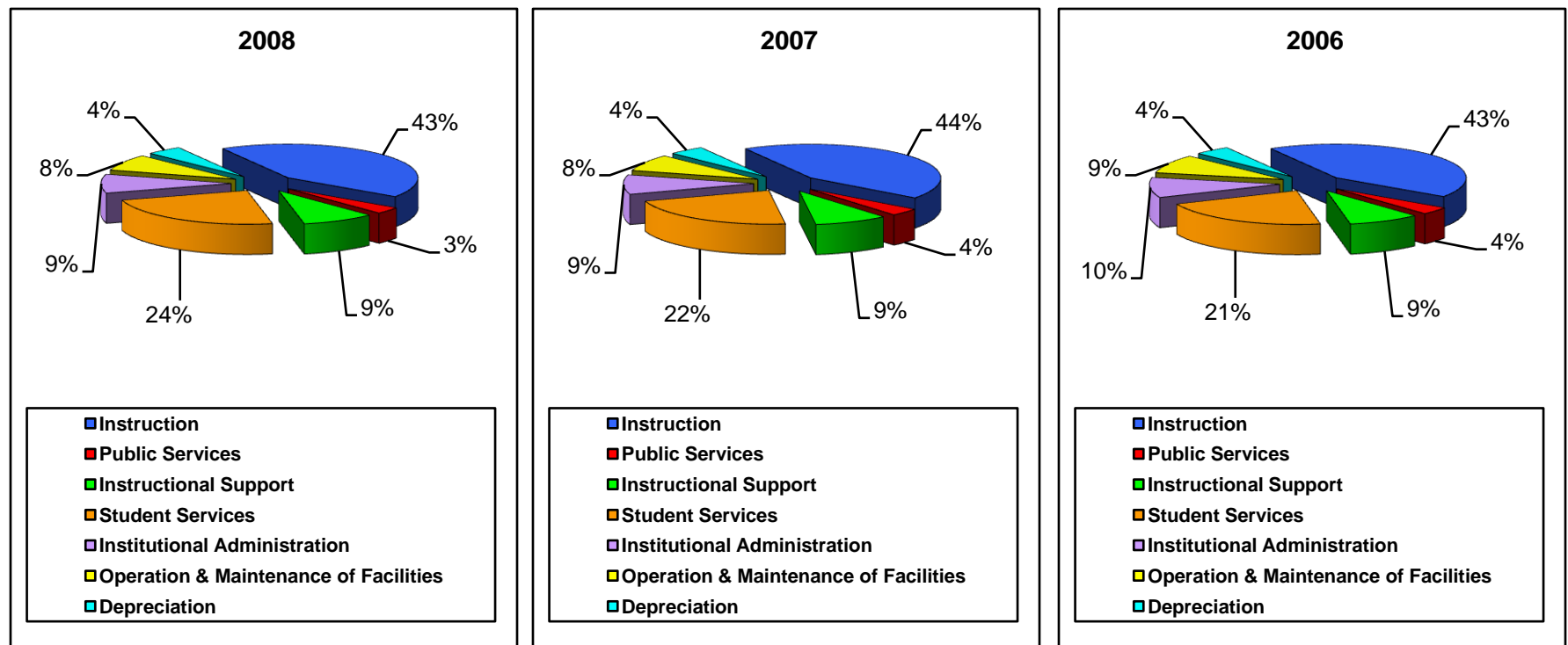
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
DELTA COLLEGE
YEAR ENDED JUNE 30, 2008

Operating Expenses - Continued

Operating expense changes are highlighted by the following factors for the year ended June 30, 2007:

- General salary increases for the year approximated 3%. Medical insurance costs increased approximately 4% and required contributions to the Michigan Public School Employees' Retirement System effectively decreased by approximately 10% due to the retirement rate reduction implemented by the State of Michigan that year.

The following is a graphic illustration of operating expenses by function for the years ended June 30, 2008, 2007 and 2006:



MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
DELTA COLLEGE
YEAR ENDED JUNE 30, 2008

Nonoperating Revenue (Expenses)

Nonoperating revenue are all revenue sources that are primarily non-exchange in nature. They consist primarily of state appropriations, property tax revenue, investment income (including realized and unrealized gains and losses), gifts and grants, including Pell federal grants, and contracts that do not require any services to be performed. Nonoperating expenses are those that are not primarily incurred for operating purposes.

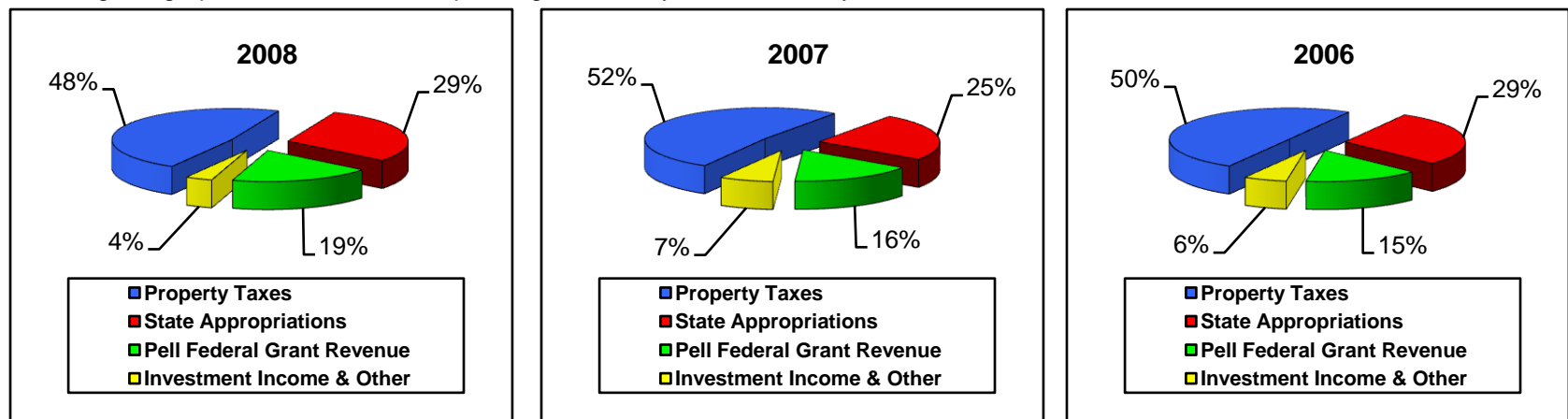
Nonoperating revenue and expense changes are highlighted by the following factors for the year ended June 30, 2008:

- State appropriations were enacted at \$13.5 million. An additional \$1.2 million was also appropriated to restore the August 2007 payment, which was delayed from 2007 funding by Governor's Executive Order that year, resulting in an overall increase in state aid revenue of \$3.4 million, or 30%, during 2008.
- The taxable value of property within the district increased 3% for the year for a total levy of \$24.0 million at a rate of 2.0427 mills.
- Investment income, including earnings and gains in the market value of endowment assets, provided \$1.3 million in nonoperating revenue, a decrease of \$1.8 million.
- Final settlement was reached on a large multi-year property tax appeal, resulting in a refund of \$5.6 million, as discussed in Note 8.
- Pell federal grants awarded to students were \$9.5 million, an increase of \$2.0 million, or 27%, over 2007.

Nonoperating revenue and expense changes are highlighted by the following factors for the year ended June 30, 2007:

- State appropriations were originally enacted at \$13.3 million, which approximated a 2% increase over the prior year. As discussed in Note 5, this increase was offset by Governors' Executive Order 2007-3 and Public Act 17, which in total reduced state appropriations revenue by \$2.0 million for an annual total of \$11.3 million for 2007.
- The taxable value of property within the district increased 4% for the year for a total levy of \$23.5 million at a rate of 2.0427 mills.
- Investment income, including earnings and gains in the market value of endowment assets, provided \$3.1 million in nonoperating revenue.
- Settlement was reached on some large multi-year property tax appeals, resulting in refunds of \$3.8 million, as discussed in Note 8.
- Pell federal grants awarded to students were \$7.5 million, an increase of \$580,000, or 8%, over 2006.

The following is a graphic illustration of nonoperating revenue by source for the years ended June 30, 2008, 2007 and 2006:



MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
DELTA COLLEGE
YEAR ENDED JUNE 30, 2008

Other Revenue

Other revenue consists of items that are typically nonrecurring, extraordinary, or unusual to the College. Examples would be state capital appropriations, additions to permanent endowments, and transfers from related entities.

Changes in other revenue are highlighted by the following factors for the year ended June 30, 2008:

- New gifts to the College during the year provided \$300,000 in additions to permanent endowments.

Changes in other revenue are highlighted by the following factors for the year ended June 30, 2007:

- New gifts to the College during the year provided \$1.1 million in additions to permanent endowments.

Statement of Cash Flows

The primary purpose of the Statement of Cash Flows is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows also helps users assess:

- The ability to generate future net cash flows
- The ability to meet obligations as they come due
- Needs for external financing

The following summarizes the major cash flow components for the College for the years ended June 30, 2008, 2007 and 2006, in millions:

	2008	2007	2008-2007 Change	2006	2007-2006 Change
Cash Provided by (Used in):					
Operating Activities	\$ (37.2)	\$ (37.9)	\$.7	\$ (42.5)	\$ 4.6
Noncapital Financing Activities	45.0	44.2	.8	45.0	(.8)
Capital and Related Financing Activities	(3.4)	(.8)	(2.6)	(3.4)	2.6
Investing Activities	3.8	(1.7)	5.5	(1.4)	(.3)
Net Increase (Decrease) in Cash	8.2	3.8	4.4	(2.3)	6.1
Cash – Beginning of Year	9.6	5.8	3.8	8.1	(2.3)
Cash – End of Year	<u>\$ 17.8</u>	<u>\$ 9.6</u>	<u>\$ 8.2</u>	<u>\$ 5.8</u>	<u>\$ 3.8</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
DELTA COLLEGE
YEAR ENDED JUNE 30, 2008

Statement of Cash Flows - Continued

Cash and cash equivalents increased by a net of \$8.2 million during the year ended June 30, 2008. As previously mentioned, there were two primary reasons for this increase: \$5.6 million payment due for the property tax appeal settlement with Michigan Cogeneration Venture in early July 2008, and \$2.2 million in the Plant Fund related to payments under the ongoing construction contract for the South Campus Project over the summer of 2008.

Cash and cash equivalents increased by a net of \$3.8 million during the year ended June 30, 2007. Operating cash flows increased over the prior year across almost all categories, with the greatest in Auxiliary enterprise charges in the amount of \$1.2 million. Cash required for purchase of capital assets also significantly reduced in 2007 due to completion of the J-Wing/East Courtyard facility renovation project in the prior year.

Capital Assets

At June 30, 2008, the College had \$86.9 million, net of accumulated depreciation of \$38.6 million, invested in capital assets. Depreciation charges for the year totaled \$3.5 million. Details of these assets, shown net of accumulated depreciation, as of June 30, 2008, 2007 and 2006 are as follows:

	<u>2008</u>	<u>2007</u>	<u>2008-2007 Change</u>	<u>2006</u>	<u>2007-2006 Change</u>
Land and Improvements	\$ 3.6	\$ 3.8	\$ (.2)	\$ 3.9	\$ (.1)
Infrastructure	3.0	2.7	.3	2.8	(.1)
Buildings	75.0	76.9	(1.9)	79.0	(2.1)
Furniture and Equipment	3.3	3.4	(.1)	3.5	(.1)
Construction in Progress	<u>2.0</u>	<u>.2</u>	<u>1.8</u>	<u>.2</u>	<u>0</u>
Totals	<u>\$ 86.9</u>	<u>\$ 87.0</u>	<u>\$ (.1)</u>	<u>\$ 89.4</u>	<u>\$ (2.4)</u>

In accordance with the College's Five-Year Capital Outlay Master Plan and Sustainability Strategic Initiative, the College began the \$4.4 million South Campus Site Parking & Stormwater Drain System Project during June 2008, as discussed in Note 11. This environmentally-friendly project includes renovations and upgrades to the two south parking lots, which are primarily for student parking, upgrades to vehicular and pedestrian bridges providing access to the south parking area, expansion of the east lot to provide improved access to campus buildings and a boulevard style car and bus drop off area at the main visitor entrance. The project also involves constructing three new bridge crossings over the Klaus Drain, and widening the stream channel and softening the sharp drain bends to increase the holding availability and alleviate flood conditions. The work completed in the drain includes a more natural meandering watercourse to allow the growth of various aquatic organisms, promote water cleanliness, and cultivate the diversity of micro and macro invertebrates like fish and bugs, which will benefit from the improved ecosystem changes. This project will be funded entirely by institutional resources, including allocations from accumulated Plant Fund reserves.

During the year ended June 30, 2007, no major facility renovation projects were initiated. The majority of net capital asset additions during 2007 included the new Datatel server for \$400,000 and various building, landscape, and road capital repair and maintenance projects totaling \$400,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
DELTA COLLEGE
YEAR ENDED JUNE 30, 2008

Debt

The College has no debt.

Economic Factors That Will Affect the Future

The economic position of the College is closely tied to that of the State of Michigan. The 2008-2009 base state appropriations have been approved at \$13.8 million, an increase of 2% over the prior year. In light of the significant fiscal and economic concerns in the state and nation, future appropriation funding levels are unpredictable. With the goal of keeping tuition affordable for our students, strong fiscal constraints have allowed the College to keep tuition and fees as low as possible with an in-district rate increase of 1.3% for fiscal year 2008-2009. In addition to national concerns of rising medical costs, state-mandated contributions to fund the medical component of the state pension fund is of growing concern to public schools and colleges in the State of Michigan. The state pension retirement system contribution rate for fiscal year 2008-2009 has been established at 16.54%, and when combined with required employer FICA and Medicare contributions, the College is required to pay approximately 24% of each covered payroll dollar toward these government-mandated employee benefits. Future contributions to the state pension retirement system are expected to continue to increase and may reach 20% by the end of the decade.

Local support of the College remains strong in enrollment levels, with significant increases in 2007-2008 and continued growth anticipated. The College's property tax base has remained relatively stable, but may also be an area of increasing concern, especially with declining real property values and increasing demands for economic development district capture of College tax revenues.

Current financial plans and recent capital investments continue to strategically prepare the College to pursue our Mission & Vision:

MISSION: Delta College is a responsive, dynamic community college. We educate, inspire, challenge and support a diverse community of learners to achieve academic, professional and personal excellence.

VISION: Delta College is our communities' first choice to learn, work and grow.

State fiscal problems will likely continue for some years. The College is prepared to face the significant challenge of meeting operating costs and serving an increased demand for services. The College will continue to provide excellent learning opportunities and great value for the educational dollar to create positive futures for the students and communities it serves.



Report of Independent Auditors

Board of Trustees
Delta College

We have audited the accompanying financial statements of Delta College (the College) as of and for the years ended June 30, 2008 and 2007. These financial statements are the responsibility of the College's Management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delta College as of June 30, 2008 and 2007 and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2008 on our consideration of Delta College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis (MD&A) on pages 1 to 10 is not a required part of the financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of Management regarding the methods of measurement and presentation of this supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Delta College financial statements. The supplemental schedules of other financial information as identified in the table of contents is presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Andrews Hooper & Pavlik P.L.C.

Saginaw, Michigan
October 17, 2008

BALANCE SHEETS
DELTA COLLEGE

	JUNE 30,	
	2008	2007
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 2)	\$ 17,814,703	\$ 9,587,580
Short-term investments (Note 2)	18,501,215	19,575,273
Property taxes receivable	112,751	39,340
State appropriations receivable (Note 5)	2,446,981	795,454
Federal and state grants receivable	704,443	828,013
Accounts receivable, net of allowance of \$1,344,043 in 2008 and \$1,441,648 in 2007	1,501,418	1,940,466
Pledges receivable (Note 3)	169,830	239,576
Inventories	1,048,879	898,532
Prepaid expenses and other assets	<u>753,837</u>	<u>1,111,799</u>
TOTAL CURRENT ASSETS	43,054,057	35,016,033
LONG-TERM INVESTMENTS (Note 2)	14,937,648	16,216,019
LONG-TERM PLEDGES RECEIVABLE (Note 3)	78,332	103,936
CAPITAL ASSETS (Note 4)	<u>86,918,368</u>	<u>87,031,280</u>
TOTAL ASSETS	<u>\$ 144,988,405</u>	<u>\$ 138,367,268</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 8,027,669	\$ 3,699,861
Accrued payroll and other compensation	3,025,955	2,720,608
Unearned revenue	<u>1,129,423</u>	<u>870,571</u>
TOTAL CURRENT LIABILITIES	12,183,047	7,291,040
NET ASSETS		
Invested in capital assets	86,918,368	87,031,280
Restricted for:		
Nonexpendable endowments	8,839,982	9,107,776
Expendable scholarships and awards	567,462	600,857
Instructional department uses	310,452	401,527
Public radio broadcasting activities	385,165	169,041
Other restricted uses	260,131	259,415
Unrestricted (Note 1)	<u>35,523,798</u>	<u>33,506,332</u>
TOTAL NET ASSETS	<u>132,805,358</u>	<u>131,076,228</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 144,988,405</u>	<u>\$ 138,367,268</u>

The accompanying notes are an integral part of these statements.

**STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
DELTA COLLEGE**

	YEAR ENDED JUNE 30,	
	2008	2007
OPERATING REVENUE		
Tuition and fees, net of scholarship allowance of \$5,743,654 in 2008 and \$5,370,223 in 2007	\$ 22,513,838	\$ 20,725,692
Federal grants and contracts	3,150,216	3,582,223
State grants and contracts	804,146	958,014
Local and nongovernmental grants and contracts	684,373	823,008
Public broadcasting gifts	756,558	785,293
Auxiliary activities, net of scholarship allowance of \$1,330,814 in 2008 and \$1,245,830 in 2007	5,464,260	5,049,423
Miscellaneous	3,304,018	2,588,642
TOTAL OPERATING REVENUE	36,677,409	34,512,295
OPERATING EXPENSES		
Instruction	34,159,848	33,477,043
Public services	2,625,050	2,786,815
Instructional support	7,220,267	6,994,251
Student services	18,627,063	16,780,762
Institutional administration	7,189,235	7,208,630
Operation and maintenance of facilities	6,321,582	6,211,719
Depreciation expense	3,490,731	3,452,027
Fundraising expenses	15,284	21,945
Other expenses	5,789	1,435
TOTAL OPERATING EXPENSES	79,654,849	76,934,627
OPERATING LOSS	(42,977,440)	(42,422,332)
NONOPERATING REVENUE (EXPENSES)		
State appropriations	14,668,400	11,270,400
Property tax levy	23,985,162	23,472,467
Property tax appeal refund	(5,575,853)	(3,807,644)
Pell federal grant revenue	9,535,231	7,524,313
Gifts	481,211	132,729
Special events, net of expenses of \$79,842 in 2008 and \$87,675 in 2007	144,757	163,421
Investment income, net of investment expense of \$100,739 in 2008 and \$93,282 in 2007	1,348,412	3,124,055
Loss on disposition of capital assets	(53,081)	(19,238)
Foundation grants and distributions to or for Delta College	(113,555)	(77,265)
NET NONOPERATING REVENUE (EXPENSES)	44,420,684	41,783,238
NET INCOME (LOSS) BEFORE OTHER REVENUE	1,443,244	(639,094)
OTHER REVENUE		
Capital gifts and grants	-	10,096
Additions to permanent endowments	285,886	1,071,514
TOTAL OTHER REVENUE	285,886	1,081,610
NET INCREASE IN NET ASSETS	1,729,130	442,516
NET ASSETS - BEGINNING OF YEAR	131,076,228	130,633,712
NET ASSETS - END OF YEAR	\$ 132,805,358	\$ 131,076,228

The accompanying notes are an integral part of these statements.

STATEMENTS OF CASH FLOWS
DELTA COLLEGE

	YEAR ENDED JUNE 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 23,182,669	\$ 20,292,345
Grants and contracts	4,641,087	5,898,215
Public broadcasting gifts	756,558	785,293
Payments to suppliers	(34,448,274)	(34,346,168)
Payments to employees	(40,188,318)	(38,552,838)
Loans issued to students	(180,120)	(130,924)
Collection of loans from students	182,232	129,180
Auxiliary enterprise charges	5,658,063	5,468,985
Other	3,249,115	2,599,740
NET CASH USED IN OPERATING ACTIVITIES	(37,146,988)	(37,856,172)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	13,016,873	12,823,508
Local property taxes	23,911,751	23,493,813
Property tax appeal refund	(2,137,063)	(1,670,581)
Pell federal grant revenue	9,633,898	7,446,139
Gifts and contributions for other than capital purposes	794,827	1,954,843
Foundation special events receipts	144,757	163,421
Foundation grants and distributions to or for Delta College	(113,555)	(77,265)
Agency fund transactions	(268,689)	57,423
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	44,982,799	44,191,301
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grant and gift proceeds	67,620	203,528
Purchase of capital assets	(3,433,663)	(1,064,762)
Proceeds from disposition of capital assets	2,763	5,686
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(3,363,280)	(855,548)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	58,355,804	40,901,780
Investment income	1,760,485	1,645,792
Purchase of investments	(56,361,697)	(44,237,240)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	3,754,592	(1,689,668)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,227,123	3,789,913
CASH AND CASH EQUIVALENTS - Beginning of year	9,587,580	5,797,667
CASH AND CASH EQUIVALENTS - End of year	\$ 17,814,703	\$ 9,587,580

The accompanying notes are an integral part of these statements.

STATEMENTS OF CASH FLOWS - Continued
DELTA COLLEGE

	YEAR ENDED JUNE 30,	
	2008	2007
RECONCILIATION OF OPERATING LOSS TO		
NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (42,977,440)	\$ (42,422,332)
Adjustment to reconcile operating loss to net cash used in operating activities:		
Depreciation	3,490,731	3,452,027
Allowance for uncollectible accounts	(97,605)	208,696
(Increase) decrease in assets:		
Federal and state grants receivable	24,903	495,959
Accounts receivable	533,652	(181,427)
Inventories	(150,347)	351,381
Prepaid assets and other current assets	304,211	(93,169)
Increase (decrease) in liabilities:		
Accounts payable	1,160,708	1,991
Accrued payroll and other compensation	305,347	114,696
Unearned revenue	258,852	216,006
NET CASH USED IN OPERATING ACTIVITIES	\$ (37,146,988)	\$ (37,856,172)

The accompanying notes are an integral part of these statements.

**NOTES TO FINANCIAL STATEMENTS
DELTA COLLEGE
JUNE 30, 2008**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Delta College is a Michigan community college whose financial statements have been prepared in accordance with the generally accepted accounting principles as applicable to public colleges and universities outlined in Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, and the *Manual for Uniform Financial Reporting – Michigan Public Community Colleges, 2001*.

The College reports as a Business Type Activity, as defined by GASB Statement No. 35. Business Type Activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The accompanying financial statements have been prepared in accordance with criteria established by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the College. Based on application of the criteria, the Delta College Foundation discussed in Note 13 is included in the College's reporting entity.

Significant accounting policies followed by Delta College are described below to enhance the usefulness of the financial statements to the reader:

Accrual Basis

The financial statements of Delta College have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenditures are recognized when the related liabilities are incurred and certain measurement and matching criteria are met. In accordance with GASB Statement No. 20, the College is required to follow all applicable GASB pronouncements. In addition, the College should apply all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The College has elected not to apply FASB pronouncements issued after November 30, 1989.

Cash and Cash Equivalents

Cash and cash equivalents consist of all highly liquid investments with an initial maturity of three months or less.

Investments

Investments are recorded at fair value, based on quoted market prices.

Inventories

Inventories are stated at the lower of cost or market using the first-in, first-out method.

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2008

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – Continued

Capital Assets

Capital assets are recorded at cost or, if acquired by gift, at the fair market value as of the date of acquisition. Expenditures for maintenance and repairs are expensed as incurred. Depreciation is calculated on property and equipment using the straight-line method over the estimated useful lives of the assets. *The American Health Association's Estimated Useful Lives of Depreciable Hospital Assets* was utilized as a guide in establishing useful lives of the College's property and equipment.

Revenue Recognition

State appropriations for operations are recognized as revenue on a proportionate basis over the period for which they are appropriated (see Note 5). Restricted Fund revenue is recognized only to the extent expended. Revenue received prior to year-end that are related to the next fiscal year are recorded as unearned revenue. As of June 30, 2008 and 2007, unearned tuition and fee revenue for the summer semester, which begins in late June or early July and ends in August, was \$807,835 and \$621,740, respectively. Additionally, advance payments totaling \$256,547 for the fall 2008 semester were received before June 30, 2008 and recorded as unearned revenue. As of June 30, 2007, advance payments totaling \$141,422 for the fall 2007 semester were received before year end and recorded as unearned revenue.

Gifts and Pledges

Gifts are recorded when received. Voluntary nonexchange transactions (pledges) are recognized in accordance with the GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. GASB Statement No. 33 requires recognition of the entire pledge in the first period that use is permitted and all applicable eligibility requirements have been satisfied. Such pledges are recorded at their discounted present value, net of allowance for uncollectible pledges.

Internal Service Activities

Revenue and expenses related to internal service activities approximating \$789,000 and \$774,000 for 2008 and 2007, respectively, have been eliminated. These activities include the College's bookstore, food service, fitness and recreation center, printing and copy services, vehicles, farmhouse, and planetarium gift shop and conference services.

Compensated Absences

Compensated absences represent the accumulated liability to be paid under the College's current vacation policy. Under the College's policy, employees accrue vacation on a bi-weekly basis at a rate that is dependent on the employee's pay class.

Reclassifications

Certain amounts from the 2007 financial statements have been reclassified to conform with the 2008 presentation.

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2008

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – Continued

Unrestricted Net Assets

As of June 30, 2008 and 2007, the College has designated the use of unrestricted net assets as follows:

	2008	2007
Designated for potential contingency in state appropriations	\$ 2,446,981	\$ 2,005,454
Designated for Corporate Service activities	716,133	531,816
Designated for property tax appeals	-	6,760,515
Designated for future capital outlay	20,280,012	13,367,346
Designated for funds functioning as endowments	3,632,177	3,649,952
Designated for College student loan program	313,141	298,314
Other designated fund activities	2,541,627	1,796,746
Unrestricted and unallocated	5,593,726	5,096,189
Total Unrestricted Net Assets	<u>\$35,523,797</u>	<u>\$33,506,332</u>

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The College considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The College considers all investments maturing within one year or less as of the balance sheet date to be short-term. The College's deposits and investments are included on the balance sheet at June 30, 2008 and 2007 under the following classifications:

	2008	2007
Cash and cash equivalents	\$ 17,814,703	\$ 9,587,580
Short-term investments	18,501,215	19,575,273
Long-term investments	14,937,648	16,216,019
Total	<u>\$ 51,253,566</u>	<u>\$ 45,378,872</u>

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2008

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS – Continued

The amounts in the previous chart are classified in the following categories:

	2008	2007
Bank deposits (checking accounts, savings accounts and certificates of deposit)	\$ 26,008,802	\$ 18,887,187
Investments in securities and similar instruments	25,183,949	26,430,870
Petty cash and cash on hand	60,815	60,815
Total	<u>\$ 51,253,566</u>	<u>\$ 45,378,872</u>

Bank Deposits

The above deposits at June 30, 2008 and 2007 were reflected in the accounts of the bank (without recognition of checks written but not cleared, or of deposits in transit) at \$26,570,514 and \$19,999,434, respectively. Of these bank deposits, approximately \$1,100,000 and \$706,000, respectively, was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The College believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the College evaluates each financial institution within which it deposits College funds and assesses the level of risk of each. Only those institutions with an acceptable estimated risk level are used as depositories.

Investments - Excluding Endowment Fund Investments

Credit Risk – Credit Risk is the risk than an issuer or other counterparty to an investment will not fulfill its obligations. The College's policy for reducing credit risk is to invest surplus funds, excluding Endowment Fund monies, in accordance with the provisions set forth in Michigan Public Act 331 of 1996, as amended through 1997. This Act allows the College to invest in: bonds, bills or notes of the United States or its agencies; obligations of the State of Michigan; corporate commercial paper rated prime by at least one of the standard rating services; bankers acceptances issued by and certificates of deposit of financial institutions which are members of the Federal Deposit Insurance Corporation; mutual funds and investment pools that are composed of authorized investment instruments; and certain repurchase agreements. The College does not have a formal investment policy further limiting its investment options. Endowment Fund investments are subject to a separate investment policy which is discussed in detail later in this footnote.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College does not have a formal policy limiting investment maturities; however, the College manages its exposure to interest rate risk by primarily limiting investment maturities to less than three years.

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2008

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS – Continued

The following tables present the investments and maturities that the College held at June 30, 2008 and 2007, including commercial paper classified as cash equivalents and excluding the Endowment Fund investments:

Investment Type	S&P Quality Ratings	June 30, 2008	By Maturity		
		Fair Market Value	Less Than One Year	1-3 Years	More Than 3 Years
Certificates of Deposit	N/A	\$ 11,552,208	\$ 11,552,208	\$ -	\$ -
U.S. Agency Securities	AAA	2,968,100	-	-	2,968,100
Commercial Paper	A1+/P1, A1/P1	9,944,643	9,944,643	-	-
Total Investments		<u>\$24,464,951</u>	<u>\$ 21,496,851</u>	<u>\$ -</u>	<u>\$2,968,100</u>

Investment Type	S&P Quality Ratings	June 30, 2007	By Maturity		
		Fair Market Value	Less Than One Year	1-3 Years	More Than 3 Years
Certificates of Deposit	N/A	\$ 12,668,765	\$ 12,668,765	\$ -	\$ -
U.S. Agency Securities	AAA	3,989,800	-	3,989,800	-
Commercial Paper	A1+/P1	9,877,780	9,877,780	-	-
Total Investments		<u>\$26,536,345</u>	<u>\$ 22,546,545</u>	<u>\$ 3,989,800</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2008

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS – Continued

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the organization's investment in a single issuer. The College does not have a policy limiting the amount the College is allowed to invest in any one issuer; however, the College evaluates each issuer within which it invests College funds with and assesses the level of risk of each. The College invests with only those issuers with an acceptable estimated risk level.

The College's investments at June 30, 2008 and 2007 were invested as follows, including commercial paper classified as cash equivalents and excluding the Endowment Fund investments:

Issuer	Investment Type	June 30, 2008		June 30, 2007	
		Fair Market Value	Percentage of Total	Fair Market Value	Percentage of Total
Federal Home Loan Bank	Bonds	\$1,000,300	4%	\$ -	-
Federal Home Loan Mortgage Corp.	Notes	971,200	4%	1,994,200	7%
Federal National Mortgage Assn.	Notes	-	-	1,995,600	8%
Federal Farm Credit Bank	Bonds	996,600	4%	-	-
AIG Funding	Commercial Paper	996,751	4%	990,424	4%
American Express Credit Corp.	Commercial Paper	1,970,578	8%	1,988,723	7%
American General Finance Corp.	Commercial Paper	997,520	4%	-	-
General Electric Capital Corporation	Commercial Paper	992,950	4%	1,980,381	7%
Hartford Financial Services	Commercial Paper	999,450	4%	-	-
HSBC Finance Corp.	Commercial Paper	993,994	4%	-	-
LaSalle Bank Corp.	Commercial Paper	-	-	990,424	4%
Morgan Stanley	Commercial Paper	999,733	4%	-	-
Prudential Funding LLC	Commercial Paper	-	-	980,526	4%
Stanley Tool Works	Commercial Paper	998,666	4%	-	-
Toyota Motor Credit Corporation	Commercial Paper	995,001	4%	2,947,302	11%
Ann Arbor Commerce Bank	Certificate of Deposit	2,804,714	12%	2,667,299	10%
Capitol National Bank	Certificate of Deposit	2,014,959	8%	-	-
Citizen's Bank	Certificate of Deposit	2,408,383	10%	-	-
Comerica Bank	Certificate of Deposit	1,079,190	5%	2,071,600	8%
Fifth Third Bank	Certificate of Deposit	1,000,000	4%	3,117,410	12%
Independent Bank	Certificate of Deposit	-	-	1,000,000	4%
Wolverine Bank	Certificate of Deposit	2,244,962	9%	3,812,456	14%
Total Investments		<u>\$24,464,951</u>	<u>100%</u>	<u>\$26,536,345</u>	<u>100%</u>

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2008

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS – Continued

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the College will not be able to recover the value of the investments that are in the possession of an outside party. The College does not have a formal policy addressing custodial credit risk; however, all of the College's investments are issued in the name of the College. Custody of the College's certificates of deposit remains with the financial institutions from which they were purchased, while the agency notes, bonds and commercial paper are held in safekeeping by National City Bank.

Endowment Fund Investments

Credit Risk – The College has attempted to mitigate credit risk associated with Delta College Endowment Fund (The Fund) investments by contracting with Smith Barney (a division of Citigroup Global Markets, Inc.) to manage the investments of The Fund. The College has established a formal investment and distribution policy that Smith Barney must adhere to in their management of the Endowment Fund. The investment and distribution policies of the Endowment Fund, as well as the investment returns, are established, monitored and evaluated by the College's Investment Advisory Committee, which reports directly to the Board of Trustees.

The Delta College Endowment Fund Investment and Distribution Policy limits investment of Endowment Fund monies to the following instruments: bonds, notes or treasury bills of the United States, or its agencies; investment grade corporate bonds; certificates of deposit of institutions which are members of the Federal Deposit Insurance Corporation; commercial paper rated prime by Moody's Investor Services and/or Standard & Poor's Corporation; certain bankers acceptances; convertible securities, bonds and preferred stocks; common stock traded on United States exchanges; foreign equity investments and American Depository Receipts (ADR's); and mutual funds. The following investments are prohibited: short sales, put and call options, margin purchases, commodities futures, direct investment in tangible assets, private placements, venture capital financing, and securities of the Investment Manager or its parent corporation including proprietary mutual funds.

Interest Rate Risk – In order to limit interest rate risk, the Endowment Fund investment policy stipulates various maturity limits. Commercial paper maturities may not exceed 270 days, bankers acceptances are limited to 180 day maturities, and the average weighted maturity of the fixed income portfolio shall fall within a range of 3-10 years.

Concentration of Credit Risk – The Delta College Endowment Fund Investment and Distribution Policy limits the investment in individual securities of any one issuer to 5% of the market value of the assets of The Fund, with a maximum of 20% invested in foreign equities and ADR's. The 5% limit does not apply to money market funds, mutual funds, or obligations of the United States federal government or its agencies. As of June 30, 2008 and 2007, the Endowment Fund did not hold any securities of any one issuer in excess of these limits.

Custodial Credit Risk – The Endowment Fund investment policy does not address the issue of custody. The Endowment Fund investments are held by Smith Barney as custodian, and are listed under the account name Delta College Endowment Fund. In the event that Smith Barney were to become insolvent, the account assets are protected by \$500,000 of coverage through the Securities Investor Protection Corporation (SIPC). Additionally, in the event of a forced liquidation of Citigroup Global Markets, Inc., losses in excess of those covered by SIPC, are covered by supplemental insurance protection subject to an aggregate loss limit of \$600 million maximum for the firm, with a \$1,900,000 cash limit per client. Smith Barney also carries insurance in excess of \$750 million to cover cash and securities held by their firm that may be deemed missing through theft, fire, employee dishonesty, or any unexplained disappearance.

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2008

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS – Continued

Foreign Currency Risk – All foreign investments held by the Endowment Fund are in the form of ADR's and are denominated in U.S. currency.

Subsequent Decline in Market Value of U.S. and Foreign Stock Markets – Subsequent to June 30, 2008, the U.S. and foreign stock markets have experienced a substantial decline in value. The long-term effects of this market volatility on any particular investment cannot be determined; however the short-term effect of these events has had a material affect on the reported values of Endowment Fund investments subsequent to June 30, 2008.

At June 30, 2008 the Endowment Fund had the following investments and maturities:

Investment Type	S&P Quality Ratings	Fair Market Value	By Maturity			
			Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Corporate Bonds	AAA to A-BBB-	\$ 1,289,194	\$ 136,783	\$ 829,086	\$ 244,451	\$ 78,874
		73,500	-	-	73,500	-
Corporate Convertible Bonds *	AAA to A-BBB+ to BBB-	794,448	59,400	171,087	70,438	493,523
		764,465	-	92,250	108,246	563,969
International Convertible Bonds *	A+	59,372	-	-	-	59,372
	BBB to BBB-	146,037	-	-	-	146,037
Government Bonds	N/A	971,764	97,909	638,384	235,471	-
		4,098,780	\$ 294,092	\$ 1,730,807	\$ 732,106	\$ 1,341,775
Preferred Stock	N/A	354,082				
Equities	N/A	5,804,975				
Foreign Equities	N/A	1,711,711				
Total Investments		<u>\$ 11,969,548</u>				

* Due to the convertible feature of these investments, they are generally not held to maturity.

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2008

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS – Continued

At June 30, 2007 the Endowment Fund had the following investments and maturities:

Investment Type	S&P Quality Ratings	Fair Market Value	By Maturity			
			Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Corporate Bonds	AAA to A-	\$ 1,057,747	\$ 114,832	\$ 745,999	\$ 67,335	\$ 129,581
Corporate Convertible Bonds *	AAA to A-	879,755	-	123,200	-	756,555
	BBB+ to BBB-	655,830	-	104,788	99,720	451,322
International Convertible Bonds *	A+	94,401	-	-	-	94,401
	BBB to BBB-	130,800	-	-	-	130,800
Government Bonds	N/A	1,073,548	-	531,477	542,071	-
		3,892,081	<u>\$ 114,832</u>	<u>\$ 1,505,464</u>	<u>\$ 709,126</u>	<u>\$ 1,562,659</u>
Preferred Stock	N/A	457,143				
Equities	N/A	6,104,936				
Foreign Equities	N/A	1,772,059				
Total Investments		<u>\$ 12,226,219</u>				

* Due to the convertible feature of these investments, they are generally not held to maturity.

NOTE 3. PLEDGES RECEIVABLE

As of June 30, 2008 and 2007, donors to the College (including the Delta College Foundation) have made unconditional promises to give (pledges) approximating \$265,000 and \$365,000, respectively. Such pledges are discounted to their present value, assuming their respective terms, at applicable discount rates for total discounts at June 30, 2008 and 2007 of \$9,460 and \$13,330, respectively. Management has also established an allowance for uncollectible pledges in the amount of \$7,675 and \$8,533, respectively, as of June 30, 2008 and 2007. Pledges deemed uncollectible are charged against the allowance in the period that determination is made. Collection of pledges receivable, net of discount and allowance, as of June 30, 2008 and 2007, are scheduled as follows:

	2008	2007
Less than one year	\$ 169,830	\$ 239,576
One to five years	70,456	103,936
Greater than five years	7,876	-
Total	<u>\$ 248,162</u>	<u>\$ 343,512</u>

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2008

NOTE 4. CAPITAL ASSETS

The following tables present the changes in the various capital asset class categories for the years ended June 30, 2008 and 2007:

Year Ended June 30, 2008:

	Estimated Useful Life	Beginning Balance	Additions/ Depreciation	Deletions	Ending Balance
Depreciable Capital Assets:					
Buildings	40 years	\$ 99,724,693	\$ 543,040	\$ 283,702	\$ 99,984,031
Land improvements	20-40 years	3,823,294	20,361	3,054	3,840,601
Infrastructure	20-25 years	5,955,809	616,537	92,480	6,479,866
Furniture and equipment	5-20 years	11,463,999	502,595	86,074	11,880,520
Non-depreciable Capital Assets:					
Construction in progress		213,328	2,931,067	1,179,937	1,964,458
Land		1,351,560	-	-	1,351,560
Fine art collection		52,382	-	-	52,382
Total Capital Assets		122,585,065	4,613,600	1,645,247	125,553,418
Less Accumulated Depreciation:					
Buildings		22,787,266	2,452,232	247,127	24,992,371
Land improvements		1,439,286	154,514	3,054	1,590,746
Infrastructure		3,286,288	253,377	92,480	3,447,185
Furniture and equipment		8,040,945	630,608	66,805	8,604,748
Total Accumulated Depreciation		35,553,785	\$3,490,731	\$ 409,466	38,635,050
Capital Assets, Net		\$ 87,031,280			\$ 86,918,368

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2008

NOTE 4. CAPITAL ASSETS – Continued

Year Ended June 30, 2007:

	Estimated Useful Life	Beginning Balance	Additions/ Depreciation	Deletions	Ending Balance
Depreciable Capital Assets:					
Buildings	40 years	\$ 99,343,932	\$ 405,950	\$ 25,189	\$ 99,724,693
Land improvements	20-40 years	3,808,229	15,065	-	3,823,294
Infrastructure	20-25 years	5,919,809	36,400	400	5,955,809
Furniture and equipment	5-20 years	11,259,613	653,484	449,098	11,463,999
Non-depreciable Capital Assets:					
Construction in progress		259,465	411,277	457,414	213,328
Land		1,351,560	-	-	1,351,560
Fine art collection		52,382	-	-	52,382
Total Capital Assets		121,994,990	1,522,176	932,101	122,585,065
Less Accumulated Depreciation:					
Buildings		20,347,535	2,446,894	7,163	22,787,266
Land improvements		1,285,753	153,533	-	1,439,286
Infrastructure		3,063,003	223,685	400	3,286,288
Furniture and equipment		7,855,230	627,915	442,200	8,040,945
Total Accumulated Depreciation		32,551,521	\$3,452,027	\$449,763	35,553,785
Capital Assets, Net		\$ 89,443,469			\$ 87,031,280

NOTE 5. RECOGNITION OF STATE APPROPRIATIONS

The College records revenue from state operating appropriations in accordance with the accounting method described in the annual funding bill passed by the State of Michigan (the State) legislation, which provides that state appropriations are recorded as revenue in the period for which they were appropriated. Accordingly, the College recognizes 100% of the state's fiscal year appropriations as revenue during the College's fiscal year. Also, since state appropriations are distributed over an 11-month period, October through August, the College records a receivable at June 30 each year for the subsequent payments received in July and August, and at June 30, 2008, the total accrued state appropriation receivable was \$2,446,981.

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2008

NOTE 5. RECOGNITION OF STATE APPROPRIATIONS - Continued

As of June 30, 2007, however, the College's year-end accrual reflected only the July 2007 payment of \$795,454. Although the State appropriated a total of \$13,309,200 for fiscal year 2006-2007 operations, Executive Order 2007-3 dated March 22, 2007 and Public Act 17 signed into law on June 6, 2007, respectively, reduced College appropriations by \$1,433,800 and \$605,000. Executive Order 2007-3 included a delay in the August 2007 payment of \$605,000 and a retirement rate reduction of \$828,800, and Public Act 17 delayed an additional \$605,000 from the August 2007 payment. Because there was no appropriated commitment by the State to honor the delayed August payment totaling \$1,210,000 for 2006-2007 operating purposes, the amount was not recognized as revenue or receivable at June 30, 2007. The retirement rate reduction of \$828,800 was also not recorded as state aid revenue as of June 30, 2007; rather it was credited to the College through a reduction in the required contributions to the Michigan Public School Employees' Retirement System for the 2006-2007 fiscal year and was recorded as a retirement expense reduction by the College for the year ended June 30, 2007. The 2007-2008 state aid appropriation bill enacted on November 1, 2007 provided for restoration of the \$1,210,000 delayed August 2007 payment, and this amount was received and recognized during the year ended June 30, 2008.

Based on past experience, for each of the years ended June 30, 2008 and 2007, the College has designated a portion of its unrestricted net assets equal to the July and August payment amounts as estimates of the potential contingency in the event that the State were to change its method of distributing state appropriations that would cause the College to experience a permanent deferral or elimination of state appropriation revenue, as occurred during the 2006-2007 fiscal year.

NOTE 6. RETIREMENT PLANS

Defined Benefit Pension Plan – MPSERS

Plan Description – The majority of College employees participate in the Michigan Public School Employees' Retirement System (MPSERS), a statewide multiple employer cost-sharing defined benefit public school employee retirement system governed by the State of Michigan that provides retirement, survivor and disability benefits to plan members and their beneficiaries.

MPSERS provides two plans, the Basic Plan and the Member Investment Plan. An employee who participates in the Basic Plan may retire at age 55 with 30 or more years of credited service or at age 60 with 10 or more years of credited service with a retirement benefit, payable monthly for life, equal to 1-1/2 percent of his or her final average compensation multiplied by the number of years of credited service. Final average compensation is the employee's highest total wages earned during a period of 60 consecutive calendar months.

An employee who participates in the Member Investment Plan (MIP) may retire at any age with 30 years of service, or at age 60 with 5 years of credited service, provided the member has worked through his or her 60th birthday and has credited service in each of the five school fiscal years immediately preceding the retirement allowance effective date, with a retirement benefit, payable monthly for life, equal to 1-1/2 percent of the participant's final average compensation multiplied by the number of years of credited service. Final average compensation is the employee's highest total wages earned during a period of 36 consecutive calendar months.

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2008

NOTE 6. RETIREMENT PLANS – Continued

Benefits under both plans, which are established by state statute, are fully vested upon reaching 10 years of service. Vested employees with less than 30 years of service may retire at age 55 under reduced benefits.

MPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to MPERS at 7150 Harris Drive, P.O. Box 30673, Lansing, MI 48909-8103.

Funding Policy – Employer contributions to MPERS result from the effects of implementing the School Finance Reform Act. Under these procedures, each College is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. For the year ended June 30, 2008, the College contributed a fixed rate of 17.74% of covered compensation for the months July through September, and 16.72% for the remainder of the fiscal year. For the year ended June 30, 2007, the College contributed a fixed rate of 16.34% of covered compensation for the months July through September and an effective rate of 14.17% for the remainder of the fiscal year. (The original contribution rate was set at 17.74% for the months October through June, but was reduced to the effective rate of 14.17% due to the retirement rate reduction of \$828,800 credited by the State in June 2007, as discussed in Note 5.) Basic plan members make no contributions, but MIP members contribute at rates ranging from 3.0% to 4.3% of covered compensation.

Post Retirement Benefits – Under the MPERS Act, all retirees participating in MPERS have the option of continuing health, dental and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 0-20% of the monthly premium amount for the health, dental, and vision coverages. Required contributions for post-employment health care benefits are included as part of the College's total contribution to MPERS as discussed above.

The following table discloses pertinent information relative to MPERS funding for the three-year period beginning July 1, 2005 through June 30, 2008.

	2008	Year Ended June 30, 2007	2006
Funding percentage range	16.72%-17.74%	14.17%-16.34%	14.87%-16.34%
Total College payroll	\$40.1 million	\$38.4 million	\$39.2 million
MPERS covered compensation	\$30.5 million	\$29.5 million	\$29.8 million
College contributions	\$5,200,000	\$4,300,000	\$4,759,000
Employee MIP contributions	\$781,000	\$718,000	\$701,000

Defined Contribution Plan – ORP

As an alternative pension option, the College offers all full-time faculty and full-time salaried administrative, professional and Corporate Services employees the opportunity to participate in an Optional Retirement Plan (ORP) administered by Teachers' Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF). Upon eligibility to participate in the ORP, employees have 90 days in which to elect participation in either the ORP or the MPERS plan. The election becomes irrevocable after the 90-day period.

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2008

NOTE 6. RETIREMENT PLANS – Continued

Funding for the plan consists entirely of employer contributions of 10% of each participating employee's includable compensation. Participants are immediately 100% vested in all ORP contributions. Participating employees elect their own allocation of contributions among the available investment vehicles offered by TIAA-CREF. ORP retirement benefits are based on the accumulation of contributions and the related investment income for each participant. Distribution of retirement benefits is available under the ORP when participants attain age 55.

During the years ended June 30, 2008 and 2007, compensation covered under the ORP approximated \$6,716,000 and \$6,362,000, respectively, resulting in contributions by the College of approximately \$672,000 and \$636,000.

NOTE 7. RISK MANAGEMENT

The College participates in the Michigan Community College Risk Management Authority (Authority) with other Michigan-based community colleges for claims relating to auto, property and liability. The Authority provides a risk pool program that operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts up to maximum coverage limits. The College pays an annual premium to the Authority and is responsible for a deductible and all costs, including damages, indemnification, and allocated loss adjustment expenses, for each claim that is within the College's Self-Insured Retention (SIR) limit. The College also participates in the stop loss provision of the plan, which is designed to limit the member's maximum cash payments during each July 1 through June 30 year to costs falling within the College's SIR limit. Reinsurance is purchased by the Authority to further limit the risk of loss.

In addition, the College purchases commercial insurance for employee medical benefits and employee injuries (workers' compensation).

NOTE 8. CONTINGENT LIABILITIES

For the past several years, the College has been party to a large multi-year property tax appeal by Midland Cogeneration Venture. This tax appeal was settled during the year ended June 30, 2008, with final payment of \$5,575,853 due in July 2008. Accordingly, this amount has been accrued as a liability as of June 30, 2008. A portion of the appeal was settled in July 2007, for which the College made payment in September 2007 in the amount of \$2,137,000, which was accrued a liability as of June 30, 2007. Also, during the year ended June 30, 2007, another large multi-year property tax appeal by Dow Chemical Company was settled and the College repaid a total of \$1,671,000 upon settlement. In order to fund these settlement payments, over the years, the College had designated and set aside a portion of its unrestricted net assets to cover any potential losses resulting from these appeals.

In the normal course of activities, the College is party to various legal actions. The College is of the opinion that the outcome of asserted claims outstanding will not have a material effect on the financial statements.

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2008

NOTE 9. OPERATING LEASE OBLIGATIONS

The College leases various training facilities and equipment under short-term operating leases, with total lease expense approximating \$173,000 and \$224,000, respectively, for the years ended June 30, 2008 and 2007. At June 30, 2008, the College has noncancellable future lease payments totaling \$124,000 scheduled to be paid during the year ending June 30, 2009.

NOTE 10. CONTRACTUAL COMMITMENT

The College has outsourced the management and operational support of its information technology services. During the fiscal year ended June 30, 2007, the College renewed its contract with SunGard Higher Education for an additional seven-year term, with the new contract period beginning on November 1, 2006. The current fee schedule calls for monthly payments ranging from \$178,257 to \$185,834 through October 2013, with a total contractual commitment of \$15,519,081. The contract provides for annual payment adjustments based on the Consumer Price Index.

NOTE 11. CAPITAL CONSTRUCTION PROJECT

In June 2008, the College broke ground on a \$4.4 million South Campus Site Parking & Stormwater Drain System Project. This project includes renovations and upgrades to the two south parking lots, upgrades to vehicular and pedestrian bridges providing access to the south parking area, expansion of the east lot to provide improved access to campus buildings and a boulevard style car and bus drop off area at the main visitor entrance. The project also involves constructing three new bridge crossings over the Klaus Drain, and widening the stream channel and softening the sharp drain bends to increase the holding availability and alleviate flood conditions. This project will be funded entirely by institutional resources, including allocations from accumulated Plant Fund reserves. As of June 30, 2008, the College has spent \$1.9 million on the project, which is reflected as construction in progress in Note 4, and has liabilities payable of \$1.0 million under the construction contract.

NOTE 12. ENDOWMENT SPENDING RATE POLICY

If a donor has not provided specific instructions, the Board of Trustees is authorized to spend the net appreciation (realized and unrealized) of the investments of endowment funds. Any net appreciation that is distributed is required to be spent for the purposes for which the endowment was established. Under the policy established by the Board, four percent of the previous five-year quarterly moving average market value of each individual endowment is authorized to be distributed annually, although actual distribution is limited to not decrease the individual endowment balances below that of the cumulative original value of the endowment contributions.

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2008

NOTE 13. DELTA COLLEGE FOUNDATION

The Delta College Foundation (the Foundation) is an independent tax-exempt corporation formed for the purpose of receiving funds for the sole benefit of the College. Contributions received by the Foundation are transferred to the College to be used in the support of the College's educational programs. Such activities include contributing funds to the College's scholarship programs and endowment funds, supplementing or paying for professional development activities of the College's faculty and staff, and transferring donated equipment to the College to be used in general and occupational education programs. The College provides personnel support, supplies and equipment to the Foundation.

Based on the criteria set forth in GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, the Foundation is considered a component unit of Delta College. Accordingly, the activity and financial position of the Foundation have been blended with the College's in the accompanying financial statements.

At June 30, 2008 and 2007, the stated value of the net assets of the Foundation approximated \$1,014,000 and \$971,000, respectively, which included pledges receivable, net of an allowance for uncollectible pledges, of approximately \$248,000 and \$276,000, respectively. Grants and distributions to or on behalf of the College approximated \$941,000 and \$2,271,000, respectively, for the years ending June 30, 2008 and 2007.

The Delta College Foundation issues a financial report that includes financial statements and supplementary information. That report may be obtained by writing to Delta College Foundation at 1961 Delta Road, University Center, MI 48710.

SUPPLEMENTAL SCHEDULE OF OTHER FINANCIAL INFORMATION
CONSOLIDATING BALANCE SHEET
DELTA COLLEGE
JUNE 30, 2008

	COMBINED TOTAL	ELIMINATION	GENERAL FUND	DESIGNATED FUND	AUXILIARY ACTIVITIES FUND	EXPENDABLE RESTRICTED FUND	STUDENT LOAN FUND	ENDOWMENT FUND	PLANT FUND	AGENCY FUND	FOUNDATION
ASSETS											
CURRENT ASSETS											
Cash and cash equivalents	\$ 17,814,703	\$ -	\$ 9,230,700	\$ 219,857	\$ 1,725,322	\$ 935,348	\$ 313,254	\$ 322,548	\$ 4,672,366	\$ 219,090	\$ 176,218
Short-term investments	18,501,215	-	2,007,213	2,071,845	-	-	-	-	13,818,069	-	604,088
Property taxes receivable	112,751	-	112,751	-	-	-	-	-	-	-	-
State appropriations receivable	2,446,981	-	2,446,981	-	-	-	-	-	-	-	-
Federal and state grants receivable	704,443	-	37,798	381,948	-	284,697	-	-	-	-	-
Accounts receivable	1,501,418	-	183,300	1,189,943	118,374	4,101	-	-	-	3,000	2,700
Pledges receivable	169,830	-	-	-	-	-	-	-	-	-	169,830
Inventories	1,048,879	-	168,339	-	880,540	-	-	-	-	-	-
Prepaid expenses and other assets	753,837	-	561,930	42,843	-	35,861	-	35,856	76,660	-	687
Due from (to) other funds	-	-	-	(52,791)	-	52,791	-	-	-	-	-
TOTAL CURRENT ASSETS	43,054,057	-	14,749,012	3,853,645	2,724,236	1,312,798	313,254	358,404	18,567,095	222,090	953,523
LONG-TERM INVESTMENTS	14,937,648	-	-	-	-	-	-	11,969,548	2,968,100	-	-
LONG-TERM PLEDGES RECEIVABLE	78,332	-	-	-	-	-	-	-	-	-	78,332
CAPITAL ASSETS											
Land and improvements	5,192,161	-	-	-	-	-	-	-	5,192,161	-	-
Infrastructure	6,479,866	-	-	-	-	-	-	-	6,479,866	-	-
Buildings	99,984,031	-	-	-	-	-	-	-	99,984,031	-	-
Furniture and Equipment	11,880,520	-	-	-	-	-	-	-	11,880,520	-	-
Fine Art collection	52,382	-	-	-	-	-	-	-	52,382	-	-
Construction in progress	1,964,458	-	-	-	-	-	-	-	1,964,458	-	-
Allowance for depreciation	(38,635,050)	-	-	-	-	-	-	-	(38,635,050)	-	-
TOTAL CAPITAL ASSETS	86,918,368	-	-	-	-	-	-	-	86,918,368	-	-
TOTAL ASSETS	\$ 144,988,405	\$ -	\$ 14,749,012	\$ 3,853,645	\$ 2,724,236	\$ 1,312,798	\$ 313,254	\$ 12,327,952	\$ 108,453,563	\$ 222,090	\$ 1,031,855
LIABILITIES AND NET ASSETS											
CURRENT LIABILITIES											
Accounts payable	\$ 8,027,669	\$ -	\$ 6,193,818	\$ 164,942	\$ 47,651	\$ 126,164	\$ 113	\$ -	\$ 1,255,183	\$ 222,090	\$ 17,708
Accrued payroll and other compensation	3,025,955	-	2,528,402	327,485	95,849	74,219	-	-	-	-	-
Unearned revenue	1,129,423	-	980,168	103,458	-	45,797	-	-	-	-	-
TOTAL CURRENT LIABILITIES	12,183,047	-	9,702,388	595,885	143,500	246,180	113	-	1,255,183	222,090	17,708
NET ASSETS											
Invested in capital assets	86,918,368	-	-	-	-	-	-	-	86,918,368	-	-
Restricted for:											
Nonexpendable endowments	8,839,982	-	-	-	-	-	-	8,695,774	-	-	144,208
Expendable scholarships and awards	567,462	-	-	-	-	402,193	-	-	-	-	165,269
Instructional department uses	310,452	-	-	-	-	103,628	-	-	-	-	206,824
Public broadcasting activities	385,165	-	-	-	-	385,165	-	-	-	-	-
Other restricted uses	260,131	-	-	-	-	184,613	-	-	-	-	75,518
Unrestricted (deficit)	35,523,798	-	5,046,624	3,257,760	2,580,736	(8,981)	313,141	3,632,178	20,280,012	-	422,328
TOTAL NET ASSETS	132,805,358	-	5,046,624	3,257,760	2,580,736	1,066,618	313,141	12,327,952	107,198,380	-	1,014,147
TOTAL LIABILITIES AND NET ASSETS	\$ 144,988,405	\$ -	\$ 14,749,012	\$ 3,853,645	\$ 2,724,236	\$ 1,312,798	\$ 313,254	\$ 12,327,952	\$ 108,453,563	\$ 222,090	\$ 1,031,855

SUPPLEMENTAL SCHEDULE OF OTHER FINANCIAL INFORMATION
CONSOLIDATING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
DELTA COLLEGE
YEAR ENDED JUNE 30, 2008

	COMBINED TOTAL	ELIMINATION	GENERAL FUND	DESIGNATED FUND	AUXILIARY ACTIVITIES FUND	EXPENDABLE RESTRICTED FUND	STUDENT LOAN FUND	ENDOWMENT FUND	PLANT FUND	FOUNDATION
OPERATING REVENUE										
Tuition and fees, net of scholarship allowance of \$5,743,654 in 2008 and \$5,370,223 in 2007	\$ 22,513,838	\$ (5,743,654)	\$ 22,771,892	\$ 5,334,868	\$ -	\$ -	\$ -	\$ -	\$ 150,732	\$ -
Federal grants and contracts	3,150,216	-	18,400	-	-	3,131,816	-	-	-	-
State grants and contracts	804,146	-	-	-	-	804,146	-	-	-	-
Local and nongovernmental grants and contracts	684,373	-	-	-	-	684,373	-	-	-	-
Public broadcasting gifts	756,558	-	-	-	-	756,558	-	-	-	-
Auxiliary activities, net of scholarship allowance of \$1,330,814 in 2008 and \$1,245,830 in 2007	5,464,260	(1,330,814)	-	-	6,795,074	-	-	-	-	-
Current year expenditures for capital equipment and facility improvements	-	(3,433,663)	-	-	-	-	-	-	3,433,663	-
Miscellaneous	3,304,018	(2,763)	467,127	2,647,725	-	186,529	5,400	-	-	-
TOTAL OPERATING REVENUE	36,677,409	(10,510,894)	23,257,419	7,982,593	6,795,074	5,563,422	5,400	-	3,584,395	-
OPERATING EXPENSES										
Instruction	34,159,848	(177,075)	27,988,324	4,038,599	-	2,310,000	-	-	-	-
Public services	2,625,050	(11,404)	934,962	10,601	-	1,690,891	-	-	-	-
Instructional support	7,220,267	(6,124)	6,968,666	81,530	-	176,195	-	-	-	-
Student services	18,627,063	(7,107,514)	6,370,946	1,960,085	6,071,211	11,332,335	-	-	-	-
Institutional administration	7,189,235	(143,848)	6,194,452	1,134,684	-	-	-	-	-	3,947
Operation and maintenance of facilities	6,321,582	(3,062,166)	6,306,698	-	-	621	-	-	3,076,429	-
Depreciation expense	3,490,731	-	-	-	-	-	-	-	3,490,731	-
Fundraising expenses	15,284	-	-	-	-	-	-	-	-	15,284
Other expenses	5,789	(386,384)	-	-	-	-	1,204	390,969	-	-
TOTAL OPERATING EXPENSES	79,654,849	(10,894,515)	54,764,048	7,225,499	6,071,211	15,510,042	1,204	390,969	6,567,160	19,231
OPERATING INCOME (LOSS)	(42,977,440)	383,621	(31,506,629)	757,094	723,863	(9,946,620)	4,196	(390,969)	(2,982,765)	(19,231)
NONOPERATING REVENUE (EXPENSES)										
State appropriations	14,668,400	-	14,668,400	-	-	-	-	-	-	-
Property tax levy	23,985,162	-	23,985,162	-	-	-	-	-	-	-
Property tax appeal refund	(5,575,853)	-	(5,575,853)	-	-	-	-	-	-	-
Pell federal grant revenue	9,535,231	-	-	-	-	9,535,231	-	-	-	-
Gifts	481,211	(827,688)	4,020	126,617	-	187,086	-	206,481	-	784,695
Special events, net of expenses of \$79,842 in 2008 and \$87,675 in 2007	144,757	-	-	-	-	-	-	-	-	144,757
Investment income, net of Endowment Fund investment expense of \$100,739 in 2008 and \$93,282 in 2007	1,348,412	(381,799)	782,888	391,085	-	244,607	10,631	(379,273)	606,049	74,224
Loss on disposition of capital assets	(53,081)	2,763	-	-	-	-	-	-	(55,844)	-
Foundation grants and distributions to or for Delta College	(113,555)	827,688	-	-	-	-	-	-	-	(941,243)
NET NONOPERATING REVENUE (EXPENSES)	44,420,684	(379,036)	33,864,617	517,702	-	9,966,924	10,631	(172,792)	550,205	62,433
NET INCOME (LOSS) BEFORE OTHER REVENUE	1,443,244	4,585	2,357,988	1,274,796	723,863	20,304	14,827	(563,761)	(2,432,560)	43,202
OTHER REVENUE										
Capital gifts and grants	-	-	-	-	-	-	-	-	-	-
Additions to permanent endowments	285,886	(4,585)	-	-	-	-	-	290,471	-	-
TOTAL OTHER REVENUE	285,886	(4,585)	-	-	-	-	-	290,471	-	-
INCREASE (DECREASE) IN NET ASSETS	1,729,130	-	2,357,988	1,274,796	723,863	20,304	14,827	(273,290)	(2,432,560)	43,202
TRANSFERS IN (OUT)	-	-	(1,955,195)	(7,106,113)	(283,793)	112,787	-	-	9,232,314	-
NET INCREASE (DECREASE) IN NET ASSETS	1,729,130	-	402,793	(5,831,317)	440,070	133,091	14,827	(273,290)	6,799,754	43,202
NET ASSETS - BEGINNING OF YEAR	131,076,228	-	4,643,831	9,089,077	2,140,666	933,527	298,314	12,601,242	100,398,626	970,945
NET ASSETS - END OF YEAR	\$ 132,805,358	\$ -	\$ 5,046,624	\$ 3,257,760	\$ 2,580,736	\$ 1,066,618	\$ 313,141	\$ 12,327,952	\$ 107,198,380	\$ 1,014,147

SUPPLEMENTAL SCHEDULE OF OTHER FINANCIAL INFORMATION
DETAILS OF CERTAIN GENERAL FUND REVENUES
DELTA COLLEGE
YEAR ENDED JUNE 30, 2008

TUITION AND FEES

Tuition	\$	18,434,804
Registration fees		754,995
Course and program fees:		
Excess contact hour fees		1,668,133
Technology fees		1,421,850
Welding, Nursing & Dental Hygiene program fees		121,557
Telecourse fees		22,806
Online course fees		<u>347,747</u>

TOTAL TUITION AND FEES	\$	<u>22,771,892</u>
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MISCELLANEOUS REVENUE

Admission fees	\$	140,500
Collegiate ads		2,063
Credit by exam		6,375
Miscellaneous		96,550
Parking fines		5,743
Planetarium ticket sales		43,423
Rental of college facilities		70,029
Reserve parking		9,584
Testing		<u>92,860</u>

TOTAL MISCELLANEOUS REVENUE	\$	<u>467,127</u>
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SUPPLEMENTAL SCHEDULE OF OTHER FINANCIAL INFORMATION
DETAILS OF GENERAL FUND OPERATING EXPENSES
DELTA COLLEGE
YEAR ENDED JUNE 30, 2008

	SALARIES	FRINGE BENEFITS	SUPPLIES & SERVICES	CAPITAL EXPENDITURES	PROFESSIONAL DEVELOPMENT & TRAVEL	TOTAL
INSTRUCTION						
Social Sciences	\$ 2,747,341	\$ 886,477	\$ 37,805	\$ -	\$ 27,991	\$ 3,699,614
Humanities	2,223,841	722,207	47,112	-	20,700	3,013,860
English	2,669,824	890,420	24,593	-	27,000	3,611,837
Mathematics & Computer Science	1,850,117	626,473	28,077	-	17,100	2,521,767
Sciences	3,149,636	972,090	114,920	-	27,124	4,263,770
Business & Information Technology	2,432,578	768,593	38,307	-	20,752	3,260,230
Health & Wellness	3,334,233	1,076,214	210,641	-	30,600	4,651,688
Technical Trades & Manufacturing	1,609,068	471,755	132,471	7,925	20,540	2,241,759
Instructional Equipment	-	-	698,095	25,704	-	723,799
TOTAL INSTRUCTION	20,016,638	6,414,229	1,332,021	33,629	191,807	27,988,324
PUBLIC SERVICES						
Television	392,264	149,748	-	-	-	542,012
Public Radio	68,252	28,629	-	-	-	96,881
Planetarium and Learning Center	189,935	69,250	35,230	-	1,654	296,069
TOTAL PUBLIC SERVICES	650,451	247,627	35,230	-	1,654	934,962
INSTRUCTIONAL SUPPORT						
Office of Vice President of						
Instruction & Learning Services	166,051	63,476	8,059	-	3,970	241,556
Division Chairs	738,584	260,122	20,616	-	10,082	1,029,404
Academic Deans	461,472	159,566	21,303	-	14,160	656,501
Faculty Secretarial & Instructional Support	407,362	191,954	71,675	-	4,247	675,238
Instructional Support Information Technology	-	-	1,275,820	-	-	1,275,820
Computer & Multimedia Laboratories	167,898	27,224	51,474	-	642	247,238
Library & Learning Resources Center	515,937	185,470	150,909	-	3,580	855,896
Teaching Learning Center	314,614	110,099	-	-	764	425,477
Academic Testing Center	58,797	25,429	222	-	-	84,448
Instructional Media Technology	114,871	35,072	57,203	6,124	677	213,947
Fitness & Aquatics Center Instructional Support	111,333	31,686	32,302	-	-	175,321
Teaching Enhancement Centers	161,309	67,679	26,630	-	14,005	269,623
Center for Organizational Success	119,548	43,503	10,523	-	10,147	183,721
Accreditation, Articulation & Assessment	50,229	17,868	19,114	-	31,407	118,618
Co-operative Education & Experiential Learning	69,881	35,778	16	-	664	106,339
Honors Program	32,051	7,892	5,563	-	110	45,616
Possible Dream Program	41,774	21,027	694	-	-	63,495
Telelearning & Distance Learning	145,524	54,838	92,301	-	7,745	300,408
TOTAL INSTRUCTIONAL SUPPORT	3,677,235	1,338,683	1,844,424	6,124	102,200	6,968,666

SUPPLEMENTAL SCHEDULE OF OTHER FINANCIAL INFORMATION
DETAILS OF GENERAL FUND OPERATING EXPENSES
DELTA COLLEGE
YEAR ENDED JUNE 30, 2008

	SALARIES	FRINGE BENEFITS	SUPPLIES & SERVICES	CAPITAL EXPENDITURES	PROFESSIONAL DEVELOPMENT & TRAVEL	TOTAL
STUDENT SERVICES						
Office of Vice President of Student & Education Services	\$ 204,098	\$ 77,966	\$ 8,183	\$ -	\$ 3,864	\$ 294,111
Dean of Student & Educational Services	61,595	24,437	24,961	-	11,445	122,438
Student Services Support Information Technology	-	-	483,936	-	-	483,936
Admissions	322,773	140,129	54,223	-	5,652	522,777
Records & Registration	352,294	126,321	63,031	-	1,966	543,612
Guidance & Counseling	719,172	301,919	12,168	-	3,844	1,037,103
Financial Aid	506,866	212,583	12,840	-	3,806	736,095
Testing, Assessment & Retention	123,633	49,424	80,689	-	1,589	255,335
Student Activities & Leadership	53,478	25,489	12,695	-	5,665	97,327
Career & Employment Services	192,743	90,807	10,434	-	1,250	295,234
Multicultural Services & Events	93,363	28,939	28,172	-	489	150,963
Marketing & Publications	-	-	475,555	-	126	475,681
Veteran Services	229	58	866	-	-	1,153
Student Newspaper	36,268	2,362	7,107	-	449	46,186
Disability Services	61,724	20,527	63,147	-	191	145,589
Commencement & Student Awards	-	-	17,452	-	-	17,452
Scholarships & Grants	-	-	269,004	-	-	269,004
Ricker Center	143,118	62,300	104,872	-	135	310,425
Midland Center	44,840	22,441	4,282	-	-	71,563
Learning Centers & Innovative Programs	139,618	37,017	77,031	-	1,410	255,076
Intercollegiate Athletics	80,648	27,092	88,670	-	43,476	239,886
TOTAL STUDENT SERVICES	3,136,460	1,249,811	1,899,318	-	85,357	6,370,946

SUPPLEMENTAL SCHEDULE OF OTHER FINANCIAL INFORMATION
DETAILS OF GENERAL FUND OPERATING EXPENSES
DELTA COLLEGE
YEAR ENDED JUNE 30, 2008

	SALARIES	FRINGE BENEFITS	SUPPLIES & SERVICES	CAPITAL EXPENDITURES	PROFESSIONAL DEVELOPMENT & TRAVEL	TOTAL
INSTITUTIONAL ADMINISTRATION						
Board of Trustees	\$ -	\$ -	\$ 12,432	\$ -	\$ 11,735	\$ 24,167
Development Office	196,341	84,309	27,223	-	1,593	309,466
Affirmative Action	79,799	31,819	1,557	-	-	113,175
President's Office	236,901	79,972	10,235	-	18,625	345,733
Memberships	-	-	66,350	-	6,040	72,390
Miscellaneous	200	49	44,417	-	20,995	65,661
Strategic Planning	4,800	1,168	22,602	-	10,924	39,494
Legal, Audit & Consulting Services	-	-	132,255	-	-	132,255
Bank Fees & Collection Expenses	-	-	386,886	-	-	386,886
Insurance, Unemployment & Other	-	33,273	407,204	-	-	440,477
Communications Technology	146,587	49,518	168,020	-	2,165	366,290
Business Services	254,799	108,799	10,109	-	637	374,344
Finance Office	617,564	250,852	48,876	-	5,129	922,421
Administrative Support Information Technology	28,747	8,595	755,807	39,471	65	832,685
Human Resources & Staff Recruitment	408,161	163,879	58,876	-	9,849	640,765
Senate	68,076	25,721	6,354	-	-	100,151
Post Office	60,850	28,923	10,423	-	-	100,196
Institutional Advancement	275,393	101,358	42,734	-	7,229	426,714
Administrative Services	326,340	109,609	9,304	-	1,193	446,446
Wellness & Professional Development	3,454	4,453	38,042	-	8,787	54,736
TOTAL INSTITUTIONAL ADMINISTRATION	2,708,012	1,082,297	2,259,706	39,471	104,966	6,194,452
OPERATION AND MAINTENANCE OF FACILITIES						
Public Safety	403,809	177,518	19,687	12,574	1,862	615,450
Facilities Management	528,297	192,655	708	-	8,969	730,629
Facility Operations	1,567,450	673,412	221,616	145,417	380	2,608,275
Utilities	-	-	1,779,382	-	-	1,779,382
Facility Maintenance & Improvements	-	-	290,360	-	-	290,360
Off-Campus Centers & President's House	-	-	282,602	-	-	282,602
TOTAL OPERATION AND MAINTENANCE OF FACILITIES	2,499,556	1,043,585	2,594,355	157,991	11,211	6,306,698
TOTAL GENERAL FUND OPERATING EXPENSES	\$ 32,688,352	\$ 11,376,232	\$ 9,965,054	\$ 237,215	\$ 497,195	\$ 54,764,048

SUPPLEMENTAL SCHEDULE OF OTHER FINANCIAL INFORMATION
DETAILS OF DESIGNATED FUND
DELTA COLLEGE
YEAR ENDED JUNE 30, 2008

	REVENUES						EXPENSES										NET INCREASE (DECREASE) IN NET ASSETS	NET ASSETS JUNE 30, 2008
	NET ASSETS JULY 1, 2007	TUITION AND FEES	MISCELLANEOUS REVENUE	GIFTS	ENDOWMENT AND INVESTMENT INCOME	TOTAL REVENUE	SALARIES	FRINGE BENEFITS	SUPPLIES AND SERVICES	CAPITAL EXPENDITURES	PROFESSIONAL DEVELOPMENT AND TRAVEL	TOTAL EXPENSES	TRANSFERS IN(OUT)					
INSTRUCTION																		
Corporate Services	\$ 531,816	\$ 3,372,239	\$ -	\$ -	\$ -	\$ 3,372,239	\$ 1,581,458	\$ 532,694	\$ 1,074,863	\$ -	\$ -	\$ 3,189,015	\$ 1,093	\$ 184,317	\$ 716,133			
Criminal Justice Training Programs	(364,180)	364,425	-	-	-	364,425	208,201	76,015	100,527	-	10,396	395,139	-	(30,714)	(394,894)			
Lifelong Learning & 50+ Just Like Gold Programs	23,778	453,531	2,269	-	-	455,800	221,637	61,984	153,716	-	993	438,330	(2,826)	14,644	38,422			
Gifted and Fantastics Programs	7,193	27,334	-	-	-	27,334	5,187	1,278	9,650	-	-	16,115	-	11,219	18,412			
TOTAL INSTRUCTION	198,607	4,217,529	2,269	-	-	4,219,798	2,016,483	671,971	1,338,756	-	11,389	4,038,599	(1,733)	179,466	378,073			
PUBLIC SERVICES																		
Global Awareness	4,022	-	-	-	1,302	1,302	-	-	950	-	-	950	-	352	4,374			
Delta Productions	(50)	-	3,671	-	-	3,671	2,804	681	816	-	-	4,301	680	50	-			
Telelearning Network	3,027	3,442	63	-	-	3,505	-	-	-	-	-	-	-	3,505	6,532			
Sailing Program	(67,560)	3,477	-	-	911	4,388	2,904	222	2,224	-	-	5,350	-	(962)	(68,522)			
TOTAL PUBLIC SERVICES	(60,561)	6,919	3,734	-	2,213	12,866	5,708	903	3,990	-	-	10,601	680	2,945	(57,616)			
INSTRUCTIONAL SUPPORT																		
President's Scholarship Program	295,002	-	-	-	34,637	34,637	-	-	-	-	-	-	-	34,637	329,639			
President's Innovative Projects	26,048	-	-	-	-	-	-	-	3,111	-	2,264	5,375	-	(5,375)	20,673			
Faculty & Instructional Development	70,482	-	32,752	-	-	32,752	500	38	13,027	-	55,901	69,466	2,500	(34,214)	36,268			
International Activities	39	-	-	-	-	-	-	-	23	-	-	23	-	(23)	16			
Library Resource Replacement	8,423	-	5,961	-	-	5,961	-	-	-	-	-	-	-	5,961	14,384			
Photography Lab Printing	166	-	2,631	-	-	2,631	-	-	2,510	-	-	2,510	-	121	287			
Art & Archive Projects	9,904	-	459	-	4,901	5,360	-	-	4,156	-	-	4,156	-	1,204	11,108			
TOTAL INSTRUCTIONAL SUPPORT	410,064	-	41,803	-	39,538	81,341	500	38	22,827	-	58,165	81,530	2,500	2,311	412,375			
STUDENT SERVICES																		
Student Educational Initiatives	16,374	-	3,790	-	-	3,790	-	-	4,083	-	-	4,083	-	(293)	16,081			
Math Calculator Program	-	-	6,072	-	-	6,072	-	-	-	-	-	-	-	6,072	6,072			
Middle School Mathematics Program	-	-	-	3,215	-	3,215	-	-	258	-	-	258	-	2,957	2,957			
Social Science Olympics	2,211	-	-	-	-	-	-	-	-	-	-	-	-	-	2,211			
Business Division Skill Day	518	-	1,295	-	-	1,295	-	-	194	-	-	194	-	1,101	1,619			
Pioneer Athletic Fundraisers	6,693	-	28,984	6,229	-	35,213	-	-	23,915	-	11,153	35,068	5,304	5,449	12,142			
Multicultural Events	2,482	-	372	6,500	-	6,872	150	37	6,960	-	-	7,147	-	(275)	2,207			
Asset Group	38,013	-	264,385	-	-	264,385	-	-	264,385	-	-	264,385	-	-	38,013			
Workstudy Co-op Programs	101,304	-	1,672,499	-	-	1,672,499	1,520,958	120,855	2,071	-	5,066	1,648,950	(794)	22,755	124,059			
TOTAL STUDENT SERVICES	167,595	-	1,977,397	15,944	-	1,993,341	1,521,108	120,892	301,866	-	16,219	1,960,085	4,510	37,766	205,361			
INSTITUTIONAL ADMINISTRATION																		
Corporate Services Administration	-	1,110,420	-	110	-	1,110,530	611,120	174,799	190,016	8,957	7,362	992,254	(118,276)	-	-			
Whiting Projects	55,175	-	785	12,100	27,213	40,098	-	-	34,017	-	4,790	38,807	-	1,291	56,466			
UNUM Projects	585,502	-	-	-	12,121	12,121	-	-	-	-	-	-	-	12,121	597,623			
Technology Improvements	49,367	-	-	-	-	-	-	-	-	-	-	-	-	-	49,367			
Internet Access Technology	3,651	-	-	-	-	-	-	-	-	-	-	-	-	-	3,651			
Administrative Projects	14,970	-	-	-	-	-	-	-	-	-	-	-	-	-	14,970			
Administrative Cost Reserve	76,236	-	-	-	-	-	-	-	22	-	-	22	-	(22)	76,214			
Administrative Reserve for Tax Appeals	6,760,515	-	-	-	310,000	310,000	-	-	-	-	-	-	(6,993,794)	(6,683,794)	76,721			
Self Insurance	827,956	-	621,737	-	-	621,737	-	-	5,138	-	-	5,138	-	616,599	1,444,555			
Gifts In Kind	-	-	-	98,463	-	98,463	-	-	93,463	5,000	-	98,463	-	-	-			
TOTAL INSTITUTIONAL ADMINISTRATION	8,373,372	1,110,420	622,522	110,673	349,334	2,192,949	611,120	174,799	322,656	13,957	12,152	1,134,684	(7,112,070)	(6,053,805)	2,319,567			
TOTAL DESIGNATED FUND	\$ 9,089,077	\$ 5,334,868	\$ 2,647,725	\$ 126,617	\$ 391,085	\$ 8,500,295	\$ 4,154,919	\$ 968,603	\$ 1,990,095	\$ 13,957	\$ 97,925	\$ 7,225,499	\$ (7,106,113)	\$ (5,831,317)	\$ 3,257,760			

SUPPLEMENTAL SCHEDULE OF OTHER FINANCIAL INFORMATION
DETAILS OF AUXILIARY ACTIVITIES FUND
DELTA COLLEGE
YEAR ENDED JUNE 30, 2008

	NET ASSETS JULY 1, 2007	OPERATING REVENUES	EXPENSES					OPERATING INCOME (LOSS)	TRANSFERS IN(OUT)	NET ASSETS JUNE 30, 2008
			SALARIES	FRINGE BENEFITS	SUPPLIES AND SERVICES	CAPITAL EXPENSES	TOTAL EXPENSES			
AUXILIARY ACTIVITIES										
Bookstore	\$ 1,085,643	\$ 5,276,286	\$ 414,888	\$ 134,494	\$ 4,138,775	\$ -	\$ 4,688,157	\$ 588,129	\$ (283,000)	\$ 1,390,772
Food Services	116,303	981,901	368,092	133,151	400,768	33,046	935,057	46,844	(590)	162,557
Fitness & Recreation Center	247,419	423,600	213,371	58,613	80,652	-	352,636	70,964	(203)	318,180
Carlyon Farmhouse	5,146	180	-	-	-	-	-	180	-	5,326
Planetarium Gift Shop & Conference Services	(27,490)	45,331	9,588	1,319	31,299	-	42,206	3,125	-	(24,365)
Learning Resources Vending	5,764	3,190	-	-	141	-	141	3,049	-	8,813
TOTAL AUXILIARY ACTIVITIES	<u>1,432,785</u>	<u>6,730,488</u>	<u>\$ 1,005,939</u>	<u>\$ 327,577</u>	<u>\$ 4,651,635</u>	<u>\$ 33,046</u>	<u>6,018,197</u>	<u>712,291</u>	<u>(283,793)</u>	<u>1,861,283</u>
INTERNAL SERVICE OPERATIONS										
Internal Service Operations	707,881	853,707	\$ 182,265	\$ 73,109	\$ 496,341	\$ 90,420	842,135	11,572	-	719,453
Elimination of Rebilled Charges	-	(789,121)					(789,121)	-	-	-
NET INTERNAL SERVICE OPERATIONS	<u>707,881</u>	<u>64,586</u>					<u>53,014</u>	<u>11,572</u>	<u>-</u>	<u>719,453</u>
TOTAL	<u>\$ 2,140,666</u>	<u>\$ 6,795,074</u>					<u>\$ 6,071,211</u>	<u>\$ 723,863</u>	<u>\$ (283,793)</u>	<u>\$ 2,580,736</u>

SUPPLEMENTAL SCHEDULE OF OTHER FINANCIAL INFORMATION
DETAILS OF EXPENDABLE RESTRICTED FUND
DELTA COLLEGE
YEAR ENDED JUNE 30, 2008

INSTRUCTION	REVENUES								EXPENSES								NET INCREASE (DECREASE) IN NET ASSETS		NET ASSETS JUNE 30, 2008
	NET ASSETS JULY 1, 2007	FEDERAL GRANTS AND CONTRACTS	STATE GRANTS AND CONTRACTS	LOCAL AND NONGOVERNMENTAL GRANTS AND CONTRACTS	MISCELLANEOUS REVENUE	ENDOWMENT AND INVESTMENT GIFTS	TOTAL REVENUE	SALARIES	FRINGE BENEFITS	SUPPLIES AND SERVICES	CAPITAL EXPENDITURES	PROFESSIONAL DEVELOPMENT AND TRAVEL	TOTAL EXPENSES						
																	TRANSFERS IN(OUT)		
Corporate Services Grants	\$ 64,086	\$ 1,553,591	\$ 195,488	\$ (37,052)	\$ -	\$ 90,270	\$ -	\$ 1,802,297	\$ 1,054,480	\$ 452,454	\$ 300,891	\$ -	\$ 5,767	\$ 1,813,592	\$ -	\$ (11,295)	\$ 52,791		
Motorcycle Safety Training Programs	26,319	6,622	74,239	-	21,425	-	-	102,286	60,529	16,287	29,001	-	533	106,350	-	(4,064)	22,255		
Endowed Teaching Chair Program	27,662	-	-	-	-	-	12,954	12,954	2,847	205	5,753	-	3,229	12,034	-	920	28,582		
Criminal Justice Training Programs	-	-	10,073	-	5,105	-	-	15,178	2,841	1,475	10,862	-	-	15,178	-	-	-		
Perkins Voc Ed Grant - Instructional Equipment	-	362,846	-	-	-	-	-	362,846	-	-	219,400	143,446	-	362,846	-	-	-		
TOTAL INSTRUCTION	118,067	1,923,059	279,800	(37,052)	26,530	90,270	12,954	2,295,561	1,120,697	470,421	565,907	143,446	9,529	2,310,000	-	(14,439)	103,628		
PUBLIC SERVICE																			
Substance Abuse Grants	(9,321)	52,956	17,072	17,972	-	1,189	-	89,189	29,117	8,907	38,561	-	4,692	81,277	-	7,912	(1,409)		
Possible Dream Program	97,722	-	-	-	-	28,000	24,858	52,858	300	73	54,286	-	4,075	58,734	-	(5,876)	91,846		
MCC Venture Service Learning Grant	-	-	-	1,371	-	-	-	1,371	-	-	1,371	-	-	1,371	-	-	-		
Ogawkawing Mission Restoration Project	6,835	-	-	-	-	-	-	-	-	-	5,643	-	-	5,643	-	(5,643)	1,192		
NSF Physics Training Grant	-	7,256	-	-	-	-	-	7,256	-	-	1,025	-	6,231	7,256	-	-	-		
Entrepreneurship Day Grant	-	-	-	5,000	-	-	-	5,000	-	-	5,000	-	-	5,000	-	-	-		
Summer Enrichment Math Program	(5,830)	-	-	-	-	11,690	-	11,690	-	-	13,432	-	-	13,432	-	(1,742)	(7,572)		
Tech Prep Grant	-	151,423	-	-	-	-	-	151,423	12,661	3,794	70,902	-	64,066	151,423	-	-	-		
Planetarium Be A Star	65,832	-	-	-	-	-	16,608	16,608	-	-	-	-	-	-	-	16,608	82,440		
Public Broadcasting - Television	123,609	500	-	649,766	159,999	551,439	7,636	1,369,340	231,135	70,922	826,845	11,404	15,882	1,156,188	-	213,152	336,761		
Public Broadcasting - Radio	45,432	-	-	6,245	-	205,119	3,894	215,258	84,125	33,413	89,528	-	3,501	210,567	(1,719)	2,972	48,404		
TOTAL PUBLIC SERVICE	324,279	212,135	17,072	680,354	159,999	797,437	52,996	1,919,993	357,338	117,109	1,106,593	11,404	98,447	1,690,891	(1,719)	227,383	551,662		
INSTRUCTIONAL SUPPORT																			
Water Treatment Instruction Development	4,569	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,569		
MEATA Spring Conference Grant	-	4,600	-	-	-	-	-	4,600	-	-	1,866	-	2,734	4,600	-	-	-		
Fast Track Grants	-	7,199	-	-	-	-	-	7,199	-	-	-	-	7,199	7,199	-	-	-		
Perkins Voc Ed Grant - Professional & Curriculum Dev	-	164,396	-	-	-	-	-	164,396	103,567	42,034	10,099	-	8,696	164,396	-	-	-		
TOTAL INSTRUCTIONAL SUPPORT	4,569	176,195	-	-	-	-	-	176,195	103,567	42,034	11,965	-	18,629	176,195	-	-	4,569		
STUDENT SERVICES																			
Perkins Voc Ed Grant - Special Populations	-	171,641	-	-	-	-	-	171,641	164,772	44,105	6,360	-	1,286	216,523	44,882	-	-		
MICUP/MTU Partnership Grant	-	-	5,232	-	-	-	-	5,232	1,829	552	1,000	-	1,851	5,232	-	-	-		
Michigan Adult Part Time Grants	-	-	90,416	-	-	-	-	90,416	-	-	90,416	-	-	90,416	-	-	-		
Michigan Educational Opportunity Grants	-	-	54,830	-	-	-	-	54,830	-	-	54,830	-	-	54,830	-	-	-		
Michigan Workstudy Grants	-	-	146,275	-	-	-	-	146,275	182,844	-	-	-	-	182,844	36,569	-	-		
Michigan Nursing Board Scholarships Grant	-	-	114,000	-	-	-	-	114,000	-	-	114,000	-	-	114,000	-	-	-		
Academic Competitiveness Grants	-	41,950	-	-	-	-	-	41,950	-	-	41,950	-	-	41,950	-	-	-		
Pell Grants	-	9,535,231	-	-	-	-	-	9,535,231	-	-	9,535,231	-	-	9,535,231	-	-	-		
Supplemental Educational Opportunity Grant	-	309,461	-	-	-	-	-	309,461	-	-	309,461	-	-	309,461	-	-	-		
Federal Workstudy Grant	-	272,970	-	-	-	-	-	272,970	310,625	-	34,210	-	-	344,835	71,865	-	-		
Job Locator and Development Grant	-	24,405	-	-	-	-	-	24,405	17,162	7,243	-	-	-	24,405	-	-	-		
Federal Workstudy Off-Campus	-	-	-	40,010	-	-	-	40,010	-	-	-	-	-	-	(40,010)	-	-		
At Risk Grants	-	-	95,131	-	-	-	-	95,131	69,817	24,959	355	-	-	95,131	-	-	-		
Scholarships & Awards	483,876	-	-	-	-	55,937	178,657	234,594	4,800	364	312,313	-	-	317,477	1,200	(81,683)	402,193		
TOTAL STUDENT SERVICES	483,876	10,355,658	505,884	40,010	-	55,937	178,657	11,136,146	751,849	77,223	10,500,126	-	3,137	11,332,335	114,506	(81,683)	402,193		
OPERATION AND MAINTENANCE OF FACILITIES																			
Michigan Justice Training Grant	2,736	-	1,390	-	-	-	-	1,390	-	-	-	-	621	621	-	769	3,505		
Drug Enforcement Programs	-	-	-	1,061	-	-	-	1,061	-	-	-	-	-	-	-	1,061	1,061		
TOTAL OPERATION AND MAINTENANCE OF FACILITIES	2,736	-	1,390	1,061	-	-	-	2,451	-	-	-	-	621	621	-	1,830	4,566		
TOTAL EXPENDABLE RESTRICTED FUND	\$ 933,527	\$ 12,667,047	\$ 804,146	\$ 684,373	\$ 186,529	\$ 943,644	\$ 244,607	\$ 15,530,346	\$ 2,333,451	\$ 706,787	\$ 12,184,591	\$ 154,850	\$ 130,363	\$ 15,510,042	\$ 112,787	\$ 133,091	\$ 1,066,618		

SUPPLEMENTAL SCHEDULE OF OTHER FINANCIAL INFORMATION
DETAILS OF ENDOWMENT FUND
DELTA COLLEGE
Year Ended June 30, 2008

	NET ASSETS JULY 1, 2007	GIFTS	INTEREST & DIVIDENDS	NET GAIN ON INVESTMENTS	DISTRIBUTIONS	INVESTMENT FEES	NET ASSETS JUNE 30, 2008
ENDOWMENT FUNDS							
Margaret Adams Scholarship	\$ 10,362	\$ -	\$ 250	\$ (473)	\$ (369)	\$ (82)	\$ 9,688
Athletic Scholarship	297,809	14,850	7,151	(13,604)	(8,486)	(2,347)	295,373
M. Seth Babcock Scholarship	15,660	-	376	(716)	(558)	(123)	14,639
Mary Ann (McGregor) Badour Scholarship	33,505	-	806	(1,532)	(1,061)	(264)	31,454
James & Joy Baker Scholarship	31,948	120	769	(1,462)	(1,040)	(252)	30,083
Ormond Barstow/Ludo Frevel Scholarly Award for Scholarly Achievement	29,152	-	701	(1,332)	(1,035)	(230)	27,256
Bay City Central Class of '41 Scholarship	56,997	600	1,374	(2,623)	(1,818)	(451)	54,079
Elzie & Muriel Beaver Scholarship	125,136	-	3,004	(5,717)	(4,453)	(986)	116,984
Leonard & Esther Bergstein Scholarship	21,285	436	514	(968)	(758)	(169)	20,340
Darrell R. Berry Scholarship	22,503	2,000	562	(1,074)	(802)	(183)	23,006
Alfred J. Bladecki Scholarship	9,815	-	236	(449)	(349)	(77)	9,176
Martin & Emma Block Scholarships	404,126	-	9,705	(18,459)	(15,286)	(3,186)	376,900
Peter & Barbra Boyse Program (Restricted)	20,999	1,390	521	(983)	(312)	(170)	21,445
Peter D. Boyse President's Scholar Program	1,602,528	35,375	38,975	(74,096)	(34,637)	(12,759)	1,555,386
Business Division Scholarship	141,586	-	3,400	(6,467)	(5,044)	(1,116)	132,359
Carlyon Farmhouse Maintenance	197,455	-	4,741	(9,020)	(6,766)	(1,555)	184,855
Donald & Betty Carlyon Scholarship	95,013	2,700	2,308	(4,329)	(3,196)	(754)	91,742
Donald & Betty Carlyon Endowed Teaching Chair	189,967	1,458	4,562	(8,679)	(6,458)	(1,497)	179,353
DeeMona Chatman Scholarship	18,544	-	445	(847)	(682)	(146)	17,314
William R. Collings Award for Outstanding Service & Academic Achievement	32,724	-	786	(1,495)	(1,238)	(258)	30,519
Lynn Conway Athletic Scholarship	16,926	250	408	(771)	(575)	(134)	16,104
Gilbert A. Currie Estate Student Loans	298,358	-	7,164	(13,626)	(10,631)	(2,352)	278,913
Delta Deltah's Scholarship	5,629	-	135	(257)	(201)	(44)	5,262
Delta College Employee-Sponsored Scholarship	109,923	-	2,640	(5,022)	(3,889)	(866)	102,786
Delta College Planetarium Fund	494,410	7,080	12,001	(22,997)	(16,608)	(3,934)	469,952
Robert DeVinney Endowed Teaching Chair	125,794	150	3,023	(5,754)	(4,261)	(992)	117,960
Dixon Family Scholarship	56,336	-	1,353	(2,574)	(2,100)	(444)	52,571
Herbert Doan Scholarship	8,724	-	210	(398)	(311)	(69)	8,156
B. Joe & Margery (Knepp) Dodson Scholarship	18,360	-	442	(839)	(679)	(145)	17,139
Frances Dolinski Scholarship	23,406	4,810	599	(1,212)	(736)	(194)	26,673
Henry Dolinski Scholarship	28,286	4,790	716	(1,435)	(853)	(232)	31,272
Dr. Louis W. Doll & Patricia Drury Scholarship	38,780	100	933	(1,777)	(1,374)	(306)	36,356
Dow Chemical Company Michigan Operations Award for Physical Science	22,195	-	533	(1,013)	(840)	(175)	20,700
Herbert H. & Barbara C. Dow Fund	41,572	-	997	(1,898)	(1,481)	(328)	38,862
Jerry & Terry Drake Scholarship & Broadcasting Program Support	204,119	-	4,901	(9,324)	(4,253)	(1,609)	193,834
Draper Family Scholarship	14,621	-	351	(667)	(521)	(115)	13,669
Gene R. Duckworth Scholarship	29,168	-	700	(1,332)	(1,039)	(229)	27,268
Fred E. Dulmage Award for Engineering & Technology	20,243	536	486	(924)	(536)	(160)	19,645
Eldon Enger & Fred Ross Scholarship	18,607	150	448	(858)	(679)	(147)	17,521
English Division Guest Lecturer	20,000	-	480	(913)	-	(158)	19,409
James E. & Leanne Lutz Erickson Scholarship	18,936	-	455	(865)	(664)	(149)	17,713
Faculty Executive Committee Award	4,910	-	119	(225)	(175)	(39)	4,590
Arthur J. & Bette L. Fisher Scholarship	232,793	-	5,590	(10,634)	(7,197)	(1,835)	218,717
Peter & Suzanne Frantz Award for Art	22,287	-	535	(1,018)	(637)	(176)	20,991
Dr. John & Joanne Fuller Scholarship	22,938	-	551	(1,048)	(796)	(181)	21,464
David R. Gamez Scholarship	41,210	2,732	1,043	(2,057)	(463)	(340)	42,125
Gerace Construction Scholarship	117,979	-	2,833	(5,389)	(4,134)	(930)	110,359
Gerity Broadcasting Company Scholarship	103,857	-	2,494	(4,743)	(3,701)	(819)	97,088
Gerstacker Faculty Recognition Award	25,723	4,000	618	(1,176)	(906)	(203)	28,056
Global Education Program	36,539	-	877	(1,670)	(1,302)	(288)	34,156
Robert M. Gohlke Scholarship	31,083	-	745	(1,419)	(1,107)	(245)	29,057

SUPPLEMENTAL SCHEDULE OF OTHER FINANCIAL INFORMATION
DETAILS OF ENDOWMENT FUND - Continued
DELTA COLLEGE
Year Ended June 30, 2008

	NET ASSETS JULY 1, 2007	GIFTS	INTEREST & DIVIDENDS	NET GAIN ON INVESTMENTS	DISTRIBUTIONS	INVESTMENT FEES	NET ASSETS JUNE 30, 2008
ENDOWMENT FUNDS - Continued							
Gougeon Brothers, Inc. Award for Applied Industrial/Technical	\$ 20,000	\$ -	\$ 480	\$ (913)	\$ -	\$ (158)	\$ 19,409
Russell B. & Grace H. Green Scholarship	38,177	-	917	(1,744)	(1,336)	(301)	35,713
Priscilla Bogi Guritza Memorial Scholarship	24,215	-	581	(1,106)	(863)	(191)	22,636
Beki Gray Hadley Scholarship	37,581	200	904	(1,715)	(1,324)	(297)	35,349
Sarah Hansen Scholarship	10,004	-	240	(457)	(344)	(79)	9,364
Harry Hawkins Scholarship	16,411	-	394	(749)	(578)	(129)	15,349
Robert & Joyce Hetzler Family Award for Outstanding Service & Leadership	21,624	-	519	(988)	(626)	(170)	20,359
Hilde & Walter Heyman Scholarship	17,481	-	420	(799)	(615)	(138)	16,349
Ada E. Hobbs Scholarship	12,311	-	296	(563)	(439)	(97)	11,508
Don Holzhei Memorial Scholarship	-	15,976	141	131	-	(28)	16,220
Home Builders Association of Bay, Midland & Saginaw Counties	18,768	-	451	(857)	(634)	(148)	17,580
Honors Student Scholarship	81,788	-	1,964	(3,736)	(2,922)	(645)	76,449
James R. & Anita H. Jenkins Family Scholarship	26,953	-	648	(1,232)	(924)	(212)	25,233
Phyllis E. Jones Memorial Scholarship	18,624	-	447	(850)	(653)	(147)	17,421
S. Preston & Dr. Betty B. Jones Scholarship	73,273	400	1,764	(3,358)	(1,889)	(579)	69,611
Dan E. Karn Memorial Scholarship	4,177	-	100	(190)	(149)	(33)	3,905
Kaufmann Family Scholarship	17,609	-	424	(805)	(618)	(139)	16,471
Robert F. Keicher Memorial Scholarship	19,656	418	477	(909)	(728)	(156)	18,758
Dale & Alma Keyser Scholarship	22,673	2,500	580	(1,174)	(694)	(188)	23,697
Walter J. & Sophia M. Kilar Scholarship	23,727	-	569	(1,084)	(845)	(187)	22,180
International Order of King's Daughters & Sons Scholarship	27,316	-	656	(1,249)	(973)	(215)	25,535
Oscar W. Kloha Scholarship	39,546	-	950	(1,807)	(1,409)	(312)	36,968
Robert I. & Marjorie H. Knepp Scholarship	103,065	10,832	2,579	(4,645)	(2,664)	(834)	108,333
W.R. & Edith Knepp Scholarship	223,502	-	5,367	(10,209)	(7,964)	(1,762)	208,934
W.R. Knepp, Jr. Scholarship	169,164	-	4,062	(7,729)	(6,028)	(1,333)	158,136
Daniel P. Kubiak Scholarship	18,560	-	446	(850)	(649)	(146)	17,361
Gary Laatsch Scholarship	35,834	100	862	(1,643)	(1,267)	(283)	33,603
Jack LaBreck Scholarship	6,088	-	146	(277)	(217)	(48)	5,692
Dr. Thomas H. Lane & Janis E. Landry-Lane Scholarship	46,482	7,500	1,267	(2,610)	(1,113)	(409)	51,117
Edward & Kathryn (Dunn) Langenburg Award for Education	21,255	249	515	(986)	(307)	(169)	20,557
Thomas & Rose Mary Laur Scholarship	33,861	-	814	(1,547)	(1,188)	(267)	31,673
Leo & Evelyn Levy Scholarship	18,565	133	447	(847)	(651)	(147)	17,500
Edward & Kathleen Lunt Scholarship	107,607	5,000	2,631	(4,872)	(2,279)	(858)	107,229
Karen MacArthur Endowed Teaching Chair	62,893	29,364	1,933	(4,126)	-	(607)	89,457
Thomas & Brenda Mahar Scholarship	22,721	-	546	(1,038)	(788)	(179)	21,262
Margaret McAlear Scholarship	34,254	250	825	(1,579)	(1,070)	(271)	32,409
James R. McIntyre Award for Health Sciences	22,098	-	530	(1,009)	(669)	(174)	20,776
Aceie & Thelma Micho Scholarship	35,097	-	842	(1,603)	(1,306)	(277)	32,753
Rhea Miller Scholarship	41,171	-	989	(1,882)	(1,449)	(325)	38,504
Richard & Gloria Miller Scholarship	20,781	500	501	(947)	(692)	(164)	19,979
Frances Goll Mills Award for Nursing	-	23,500	472	(1,523)	-	(134)	22,315
Monitor Sugar Scholarship	17,609	-	424	(805)	(618)	(139)	16,471
Morley Foundation Award for Business Management	25,463	-	610	(1,160)	(907)	(201)	23,805
Wendell & Ethel Mullison Scholarship	24,737	-	594	(1,131)	(881)	(195)	23,124
W. Brock Neely Scholarship	19,292	2,365	499	(1,017)	(412)	(161)	20,566
William H. "Buddy" Oates Scholarship	29,920	-	719	(1,367)	(1,066)	(236)	27,970
Oscar P. & Louise H. Osthelder Scholarship	86,320	5,000	2,173	(4,267)	(3,076)	(709)	85,441
Jesse J. Oswald Scholarship	22,963	-	551	(1,049)	(724)	(181)	21,560
Otto C. Pressprich Fund	103,857	-	2,494	(4,743)	(3,701)	(819)	97,088
Cecelia Randall Scholarship	21,448	-	515	(979)	(764)	(169)	20,051
Skip Renker Award for Creative Writing	17,493	230	422	(806)	(651)	(139)	16,549

SUPPLEMENTAL SCHEDULE OF OTHER FINANCIAL INFORMATION
DETAILS OF ENDOWMENT FUND - Continued
DELTA COLLEGE
Year Ended June 30, 2008

	NET ASSETS JULY 1, 2007	GIFTS	INTEREST & DIVIDENDS	NET GAIN ON INVESTMENTS	DISTRIBUTIONS	INVESTMENT FEES	NET ASSETS JUNE 30, 2008
ENDOWMENT FUNDS - Continued							
Renee Rookard Scholarship	\$ 70,939	\$ 303	\$ 1,707	\$ (3,243)	\$ (2,451)	\$ (560)	\$ 66,695
Harold & Norine Rupp Scholarship	17,335	-	416	(791)	(641)	(137)	16,182
Saginaw County Child Development Centers Program	14,756	-	355	(674)	(516)	(116)	13,805
Saginaw Valley Manufacturing Technology Scholarship	32,804	-	788	(1,498)	(1,150)	(259)	30,685
Cliff & Grace Saladine Scholarship	25,937	-	623	(1,186)	(924)	(204)	24,246
Peggy A. Scott Scholarship	-	17,059	-	-	-	-	17,059
Ralph I. & Archie M. Selby Family Scholarship	-	15,254	301	(972)	-	(86)	14,497
Gene F. Shrum & Dee Dee (Shrum) Wacksman Scholarship	16,647	-	400	(761)	(630)	(131)	15,525
Van Dewitt & Ruth Simmons Scholarship	162,364	-	3,899	(7,417)	(5,785)	(1,280)	151,781
John M. Smith & William Wolgast Family Softball Scholarship	19,627	-	471	(896)	(709)	(155)	18,338
Paul Sowatsky Scholarship/Award	27,962	-	671	(1,277)	(996)	(220)	26,140
James Stark Scholarship	3,538	-	84	(160)	(126)	(28)	3,308
Eileen & Hugh Starks Scholarship	27,433	-	658	(1,253)	(839)	(216)	25,783
Sturm Family Broadcast Programming Fund	169,991	-	4,082	(7,766)	(6,057)	(1,340)	158,910
SunGard Higher Education Endowed Teaching Chair	129,248	-	3,104	(5,904)	(3,693)	(1,019)	121,736
SunGard Higher Education Possible Dream Program	-	19,464	-	-	-	-	19,464
Julius & Irene Sutto Award for Life Sciences	15,705	5,000	478	(1,043)	-	(152)	19,988
Paul & Margaret Thompson Scholarship	29,277	-	704	(1,337)	(1,028)	(231)	27,385
Margaret Timm Award for English	23,052	-	553	(1,052)	(756)	(182)	21,615
Wesley Timm Scholarship	-	25,247	-	-	-	-	25,247
Jim & Janis Van Tiflin Award	-	20,000	402	(1,297)	-	(114)	18,991
Ken & "Miss Mona" White Scholarship	20,586	100	495	(940)	(727)	(162)	19,352
Lola Bishop Whitney Award for Foreign Language	110,183	-	2,646	(5,033)	(3,874)	(869)	103,053
Alice & Jack Wirt Scholarship	202,128	-	4,855	(9,234)	(6,827)	(1,593)	189,329
Teresa Plackowski-Witucki Scholarship	17,510	-	421	(801)	(646)	(138)	16,346
Wolverine Bank Scholarship	34,020	-	817	(1,554)	(1,196)	(268)	31,819
Alton, Sr., Alma & Alton, Jr. Zucker Scholarship	77,637	-	1,865	(3,547)	(2,766)	(612)	72,577
Melvin & Hilda Zuehlke Scholarship and Special Needs Assistance Fund	127,771	-	3,068	(5,837)	(4,675)	(1,007)	119,320
TOTAL ENDOWMENT FUNDS	8,951,290	290,471	218,126	(417,033)	(275,673)	(71,407)	8,695,774
FUNDS FUNCTIONING AS ENDOWMENTS							
Peter & Barbra Boyse Program (Quasi)	217,355	-	5,218	(9,927)	(4,589)	(1,713)	206,344
Coca-Cola Scholarship	56,806	-	1,364	(2,594)	(1,972)	(448)	53,156
Delta College Public Radio Fund (Quasi)	52,925	54,302	2,360	(5,936)	(1,859)	(727)	101,065
Delta College Foundation Fund	954,050	-	22,909	(43,579)	(33,772)	(7,520)	892,088
Delta College Foundation Student Scholarships	128,790	25,905	3,103	(5,920)	(4,320)	(1,018)	146,540
Delta College Endowed Teaching Chair Challenge Grant Fund	94,633	-	2,272	(4,321)	-	(746)	91,838
Delta College Public TV Fund (Quasi)	49,384	2,591	1,185	(2,255)	(1,528)	(389)	48,988
Alden B. Dow Fund	49,496	-	1,188	(2,261)	(1,764)	(390)	46,269
Laughner Award	16,568	-	398	(757)	(389)	(131)	15,689
Possible Dream Program	891,491	123,683	22,608	(40,014)	(24,858)	(7,275)	965,635
Sailing School Program	25,848	-	621	(1,181)	(911)	(205)	24,172
UNUM Projects	340,161	-	8,168	(15,540)	(12,121)	(2,681)	317,987
Macauley & Helen Whiting Fund	772,445	-	18,548	(35,284)	(27,213)	(6,089)	722,407
TOTAL FUNDS FUNCTIONING AS ENDOWMENTS	3,649,952	206,481	89,942	(169,569)	(115,296)	(29,332)	3,632,178
TOTAL	\$ 12,601,242	\$ 496,952	\$ 308,068	\$ (586,602)	\$ (390,969)	\$ (100,739)	\$ 12,327,952



Delta College

Delta College
University Center, Michigan

Entity Identification
No: 38-6034011

Office of Management & Budget
Circular A-133 Reports for the
Year Ended June 30, 2008

Delta College

Federal Awards
Supplemental Information

Year ended June 30, 2008

Delta College
Federal Awards
Supplemental Information

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Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Delta College
University Center, Michigan

We have audited the financial statements of Delta College as of and for the year ended June 30, 2008, and have issued our report thereon dated October 17, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Delta College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Delta College's financial statements that is more than inconsequential will not be prevented or detected by the College's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the College's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Delta College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Andrews Hooper & Pavlik P.L.C.

October 17, 2008
Saginaw, Michigan



Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control Over
Compliance in Accordance with OMB Circular A-133

Board of Trustees
Delta College
University Center, Michigan

Compliance

We have audited the compliance of Delta College (College) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the College's compliance with those requirements.

In our opinion Delta College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Delta College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and

material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the College's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the College's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of Delta College as of and for the year ended June 30, 2008 and have issued our report thereon dated October 17, 2008. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Andrews Hooper & Pavlik P.L.C.

Saginaw, Michigan
October 17, 2008

Delta College
Schedule of Expenditures of Federal Awards
Year ended June 30, 2008

Federal Agency/Pass-Through Agency/Program Title	Federal CFDA Number	Pass-Through Entity Project/Grant Number	Award Amount	Federal Expenditures	State Expenditures	Total Expenditures
Student Financial Assistance Cluster (Note 2)						
U.S. Department of Education - Direct Programs						
Federal Supplemental Educational Opportunity Grants Program (Note 4)	84.007	P007A071993	\$ 381,748	\$ 372,355	-	\$ 372,355
Federal Work-Study Program & America Reads Program (2007-2008) (Note 4)	84.033	P033A071993	256,818	263,165	-	263,165
Federal Pell Grant Program (2007-2008)	84.063	P063P071628	9,529,048	9,529,048	-	9,529,048
Academic Competitiveness Grant (ACG)	84.375	P375A071628	44,475	44,475	-	44,475
Total Student Financial Assistance Cluster			10,212,089	10,209,043	-	10,209,043
WIA Cluster						
U.S. Department of Labor - Workforce Investment Act (passed through Michigan Department of Labor & Economic Growth, then through Saginaw/Midland/Bay Counties Michigan Works! Administration, and then through the County of Saginaw)						
Workforce Investment Act - Adult	17.258	67435-96724-08	469,815	456,847	-	456,847
Workforce Investment Act - Adult	17.258	67450-96724-08	8,624	7,993	-	7,993
Workforce Investment Act - Youth	17.259	67450-96724-08	9,376	8,690	-	8,690
Workforce Investment Act - Dislocated Worker	17.260	67450-96724-08	18,512	17,157	-	17,157
Workforce Investment Act - Dislocated Worker	17.260	67437-96724-08	368,340	344,569	-	344,569
Total WIA Cluster			874,667	835,256	-	835,256
Employment Services Cluster						
U.S. Department of Labor (passed through Michigan Department of Labor & Economic Growth, then through Saginaw/Midland/Bay Counties Michigan Works! Administration, and then through the County of Saginaw)						
Wagner-Peyser - Employment Services	17.207	67428-96724-08	422,943	410,797	-	410,797
No Worker Left Behind	17.207	67471-96724-08	77,510	77,480	-	77,480
Total Employment Services Cluster			500,453	488,277	-	488,277
Total Clusters			11,587,209	11,532,576	-	11,532,576
Other Federal Awards						
U.S. Department of Education (passed through the State of Michigan Department of Labor & Economic Growth)						
Vocational Education - Basic Grants to States						
Regional Allocation (2007-2008)	84.048	083510/80214	698,883	698,883	-	698,883
Local Administration (2008)	84.048	083250/80254	18,400	18,400	-	18,400
Professional Development	84.048	083290/80294	7,960	7,199	-	7,199
MEATA 2008 Spring Conference	84.048	083270/80275	4,968	4,600	-	4,600
Total Vocational Education - Basic Grants to States			730,211	729,082	-	729,082

See notes to Schedule of Expenditures of Federal Awards.

Delta College
Schedule of Expenditures of Federal Awards (continued)

Federal Agency/Pass-Through Agency/Program Title	Federal CFDA Number	Pass-Through Entity Project/Grant Number	Award Amount	Federal Expenditures	State Expenditures	Total Expenditures
Other Federal Awards (continued)						
U.S. Department of Education (continued)						
(passed through the State of Michigan Department of Labor & Economic Growth)						
Tech Prep Education	84.243	083540/8014-8	\$ 160,689	\$ 151,752	-	\$ 151,752
Total U.S. Department of Education			890,900	880,834	-	880,834
U.S. Small Business Administration						
(passed through Michigan Small Business & Technology						
Development Center, then through Grand Valley State University)						
Michigan Small Business & Technology Development Center	59.037	7-603001-Z-0023-07	190,000	91,388	-	91,388
Michigan Small Business & Technology Development Center	59.037	8-603001-Z-0023-08	190,000	88,354	-	88,354
Total U.S. Small Business Administration			380,000	179,742	-	179,742
U.S. Department of Health & Human Services						
(passed through Michigan Department of Community Health						
and Saginaw County Department of Public Health)						
Block Grant for Prevention and Treatment of Substance Abuse						
10/1/06 - 9/30/07 (Note 5)	93.959	License # 090038	83,280	14,688	\$ 9,792	24,480
10/1/07 - 9/30/08 (Note 5)	93.959	License # 090038	80,000	36,528	24,352	60,880
Total Block Grant for Prevention and Treatment of Substance Abuse			163,280	51,216	34,144	85,360
U.S. Department of Health & Human Services						
(passed through Michigan Department of Community Health						
and Saginaw County Department of Public Health)						
Drug-Free Communities Support Program Grants						
Mentor Training Program:						
10/1/07 - 9/30/08	93.276	License # 090038	15,000	1,740	-	1,740
Total U.S. Department of Health & Human Services			178,280	52,956	34,144	87,100
National Science Foundation						
(passed through the Advanced Technical Education Program then through Lee College)						
ATE Program for Physics Faculty	47.076	DUE 0603272	7,256	7,256	-	7,256
Total National Science Foundation			7,256	7,256	-	7,256

See notes to Schedule of Expenditures of Federal Awards.

Delta College
Schedule of Expenditures of Federal Awards (continued)

Federal Agency/Pass-Through Agency/Program Title	Federal CFDA Number	Pass-Through Entity Project/Grant Number	Award Amount	Federal Expenditures	State Expenditures	Total Expenditures
Other Federal Awards (continued)						
U.S. Department of Labor (passed through Michigan State University, further passed through Saginaw Valley State University) WIRED Grant	17.261	61-7295-308	\$ 296,393	\$ 50,316	-	\$ 50,316
Total U.S. Department of Labor			296,393	50,316	-	50,316
National Highway Traffic Safety Administration, Department of Transportation (passed through Michigan Department of State, Michigan Motorcycle Safety Program) Michigan Motorcycle Safety Program - Motorcycle Purchase Grant	20.612	GATM-2006-02-03	6,622	6,622	-	6,622
Total National Highway Traffic Safety Administration Department of Transportation			6,622	6,622	-	6,622
National Endowment for the Humanities, National Foundation on the Arts & Humanities (passed through the Michigan Humanities Council) Great Michigan Read Quick Grant for Hemingway TV Special	45.129	Q067-07R	500	500	-	500
Total National Endowment for Humanities, National Foundation of Arts & Humanities			500	500	-	500
Total Other Federal Awards			1,759,951	1,178,226	34,144	1,212,370
Total Expenditures of Federal Awards			<u>\$13,347,160</u>	<u>\$ 12,710,802</u>	<u>\$ 34,144</u>	<u>\$ 12,744,946</u>
Stub period for July 1, 2006 through June 30, 2007						
U. S. Department of Education Tech Prep Education (passed through the State of Michigan Department of Labor & Economic Growth) Tech Prep Education	84.243	073540/7014-8	\$ 158,976	\$ (329)	\$ -	\$ (329)

See Notes to Schedule of Expenditures of Federal Awards.

Delta College

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2008

Note 1. Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Delta College (the "College") and is presented on the accrual basis of accounting which is the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of OMB Circular A-133.

Summary of Noncash Assistance

The grantee received the following noncash assistance during the year ended June 30, 2008 that is not included on the schedule of expenditures of federal awards:

Federal Program	CFDA Number	Amount
Student Financial Assistance Cluster		
Federal Family Education Loans:	84.032	
Stafford subsidized		\$3,891,826
Stafford unsubsidized		2,411,738
Plus Loans		14,727
Total Federal Family Education Loans		<u>\$6,318,291</u>

Note 3. Grant Section Auditor's Report

Management has utilized Form R-7120 in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

Delta College

Notes to Schedule of Expenditures of Federal Awards (continued)

Note 4. Student Financial Aid

As allowable and in accordance with federal regulation issued by the U.S. Department of Education, the College is carrying forward \$24,653 of its 2007-2008 Federal Work Study (84.033) Program award to the 2008-2009 award year. Also, the College carried forward \$38,098 of the 2007-2008 Federal Supplemental Education Opportunity Grant (84.007) to the 2008-2009 award year. The College received \$32,523 as an administrative cost allowance for Federal Supplemental Education Opportunity Grant.

Note 5. Substance Abuse Grant Reporting Requirements

The State of Michigan Department of Community Health (the "State") requires that certain schedules be presented in reports related to audits of substance abuse grants. The following schedule of Center for Substance Abuse Services ("CSAS") budgeted, reported, and actual amounts required by the State of Michigan Department of Community Health is presented for two substance abuse grants received by the College. Both grants are fixed unit rate contracts, whereby the amount of funds received is fixed based on number of procedures performed and also limited to a certain dollar amount in total.

CSAS funding includes Local Alcohol Tax Funds at a rate of approximately 20 percent and the expenditure of such funds is included within the state expenditures column on the accompanying schedule of expenditures of federal awards.

For the award period October 1, 2006 to September 30, 2007, the budgeted, reported, and actual units provided for from July 1, 2007 through September 30, 2007, were as follows:

	Prevention Education Activities
Contract rate	<u>\$ 80</u>
CSAS recorded units of service:	
Units recorded by Delta College	306
Units audited	<u>306</u>
Variance between recorded and audited	<u>—</u>
Amount requested per audit	\$24,480
Maximum amount of fixed unit rate revenues	<u>24,480</u>
Variance	<u>—</u>

Delta College

Notes to Schedule of Expenditures of Federal Awards (continued)

Note 5. Substance Abuse Grant Reporting Requirements (continued)

Following is a summary of the budgeted, reported, and audited amounts related to the above units of service:

	Budgeted	Reported Amount				Variance
	October 1, 2006 to September 30, 2007	October 1, 2006 to June 30, 2007	July 1, 2007 To September 30, 2007	Total	Amount Subjected Auditing to Procedures	
Maximum amount of fixed unit rate revenues	\$ 83,280	\$ 58,800	\$24,480	\$ 83,280	\$ 83,280	—
Less non-MDCH/CSAS revenues:						
Fees and collections	—	—	—	—	—	—
Local	(16,656)	(11,760)	(4,896)	(16,656)	(16,656)	—
Fixed unit rate revenues billable to MDCH/CSAS	\$ 66,624	\$ 47,040	\$19,584	\$ 66,624	\$ 66,624	—
Source of MDCH/CSAS revenues:						
Federal	\$ 49,968	\$ 35,280	\$14,688	\$ 49,968	\$ 49,968	—
State	16,656	11,760	4,896	16,656	16,656	—
Total	\$ 66,624	\$ 47,040	\$19,584	\$ 66,624	\$ 66,624	—

For the period October 1, 2007 to June 30, 2008, the budgeted, reported, and actual units provided were as follows:

	Prevention Education Activities
Contract rate	\$ 80
CSAS recorded units of service:	
Units recorded by Delta College	761
Units audited	761
Variance between recorded and audited	—
Amount requested per audit	\$60,880
Maximum amount of fixed unit rate revenues	60,880
Variance	—

Delta College

Notes to Schedule of Expenditures of Federal Awards (continued)

Note 5. Substance Abuse Grant Reporting Requirements (continued)

Following is a summary of the budgeted, reported, and audited amounts related to the above units of service:

	Budgeted	Reported Amount		
	October 1, 2007 to June 30, 2008	October 1, 2007 to June 30, 2008	Amount Subjected Auditing to Procedures	Variance
Maximum amount of fixed unit rate revenues	\$ 80,000	\$ 60,880	\$ 60,880	—
Less non-MDCH/CSAS revenues:				
Fees and collections	—	—	—	—
Local	(16,000)	(12,176)	(12,176)	—
Fixed unit rate revenues billable to MDCH/CSAS	<u>\$ 64,000</u>	<u>\$ 48,704</u>	<u>\$ 48,704</u>	<u>—</u>
Source of MDCH/CSAS revenues:				
Federal	\$ 48,000	\$ 36,528	\$ 36,528	—
State	16,000	12,176	12,176	—
Total	<u>\$ 64,000</u>	<u>\$ 48,704</u>	<u>\$ 48,704</u>	<u>—</u>

Delta College

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Unqualified</u>		
Internal control over financial reporting:			
Material weakness identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiency identified not considered to be material weakness?	<u> </u> Yes	<u> X </u> None reported	
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No	

Federal Awards

Internal control over major programs:			
Material weakness identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiency identified not considered to be material weakness?	<u> </u> Yes	<u> X </u> None reported	

Type of auditor’s report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?

 Yes X No

Identification of major programs:

CFDA Number

Name of Cluster and Federal Programs

84.007

Student Financial Assistance Cluster:
Federal Supplemental Educational
Opportunity Grants Program

84.033

Federal Work-Study Program &
America Reads Program

84.032

Federal Family Education Loans

84.063

Federal Pell Grant Program

84.375

Academic Competitiveness Grant

Dollar threshold used to distinguish between Type A and Type B programs:

\$381,314

Auditee qualified as low-risk auditee?

 X Yes No

Delta College

Schedule of Findings and Questioned Costs (continued)

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.

Delta College

Summary Schedule of Prior Audit Findings

Year ended June 30, 2008

No matters were reported.



Board of Trustees
Delta College
University Center, Michigan

We have audited the financial statements of Delta College as of and for the year ended June 30, 2008, and have issued our report thereon dated October 17, 2008.

In planning and performing our 2008 audit of the financial statements of the College, in accordance with auditing standards generally accepted in the United States of America, we considered the College's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A control deficiency exists when the design or operation of a control does not allow Management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the College's financial statements that is more than inconsequential will not be prevented or detected by the College's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the College's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees and Management and is not intended to be and should not be used by anyone other than these specified parties.

Andrews Hooper & Pavlik P.L.C.

Saginaw, Michigan
October 17, 2008